

**Comprehensive Annual
Financial Report**

of the

Mainland Regional Board of Education

County of Atlantic, New Jersey

For the Year Ended June 30, 2013

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INTRODUCTORY SECTION



MAINLAND REGIONAL HIGH SCHOOL

1301 Oak Avenue
Linwood, New Jersey 08221-1698
www.mainlandregional.net
Phone (609) 927-8058 Fax (609) 927-5956



Dr. Thomas A. Baruffi
Superintendent

Kim Jensen Gniewyk
Business Administrator

Mark C. Marrone
Principal

February 14, 2014

Honorable President and
Members of the Board of Education
Mainland Regional High School District
County of Atlantic, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Mainland Regional High School District for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical section includes financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and the state Treasury Circular Letter 04-04 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Information related to this Single Audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the Single Audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

Mainland Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Mainland Regional High School Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels 9 through 12. These include regular and vocational, as well as special education for handicapped students. The District completed the 2012-2013 fiscal year with an enrollment of 1,432 students, which is 5% students below the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-13	1,432.0	-5.0%
2011-12	1,510.0	-3.0%
2010-11	1,643.5	0.0%
2009-10	1,643.5	+0.005%
2008-09	1,635.0	-.001%
2007-08	1,638.0	2.00%
2006-07	1,606.0	-.98%
2005-06	1,622.0	.55%
2004-05	1,613.0	.88%
2003-04	1,599.0	2.50%

2. ECONOMIC CONDITION AND OUTLOOK:

Mainland Regional High School is comprised of the following three cities: Linwood, Somers Point and Northfield. The school is located in the City of Linwood. The tax base in the cities of Linwood, Northfield and Somers Point remained stable during the 2012-13 school year.

3. MAJOR INITIATIVES:

Financial

During the 2012-2013 school year the Business Office continued to conduct all the business of the District efficiently and completed another audit. The District continued as a member of the Atlantic County Cape May County Association of School Business Officials Joint Insurance Program. This jointure offered a cost savings to the District while offering a tremendous level of resources for safety training. Information from the JIF has been utilized by the Mainland Safety Committee throughout the school year.

The Mainland Regional High School Additions and Renovations Project began in April 2010. The Business Office and Facility Director have been heavily participating in the coordination of contractors and construction in progress in the facility. The Business Office has assumed the responsibility of maintaining all financial records regarding the project.

During the year the business office has also participated on the Budget Committee, Renovation Committee, Aquatic Advisory Commission, Dave Myers Memorial Wall Committee, Health and Safety Committee, and the Mainland Regional Community Partnership.

The Cafeteria has had the task of accommodating a new "Unit Lunch" schedule as of the beginning of the 2010-2011 school year. The "Unit Lunch" allows for all students and staff to eat at one time and allows for the students to eat outside of the cafeteria and utilize other areas of the facility such as the gyms, classrooms, hallways, and library. The "Unit Lunch" also allows our Senior Class to leave the campus for lunch with the approval of the parent or guardian. Due to the new lunch schedule the Cafeteria had to purchase movable kiosks, laptop computers and a new lunch software package. Coupled with the additional equipment and supplies, the Cafeteria experienced a loss in revenue due most likely due to the decrease in sold lunches and the decreases in State funding. The Cafeteria will be exploring other revenue sources over the 2013-2014 to eliminate any lost income due to serving fewer student lunches. The Cafeteria will continue to keep the food cost under control while providing healthy nutritional meals to the students of the District and sending Districts.

THE GOALS FOR THE 2013-2014 SCHOOL YEAR

- A. Continue to conduct all the business of the District efficiently. Complete a successful audit for June 30, 2014.
- B. Continue to participate in the construction process for the renovation/addition project. The Construction/Renovation Project should be completed by March 2014. The District is currently working with the Construction Management Firm to finalize the close out of contracts regarding the project.
- C. Continue to work with Administration and the Board of Education to support the instructional program during difficult funding years.

Education

The 2012-2013 school year was another very successful year for Mainland Regional High School. Enrollment stayed steady with approximately 1510 students. With these numbers our facility is stretched, requiring above 90% utilization of our rooms. With the approved building referendum, updates to the overall facility, some new classrooms and significant improvement in office space began in the spring of 2010.

Our school/district underwent the QSAC (state monitoring) evaluation and was rated in the category of high performing school district at the conclusion of the review. With the Instructional Program we were able to reach the target score of 80, even though we did not make AYP. Overall our results on the HSPA were good (better than DFG and State averages) but Special Education scores were down and kept us from making AYP for the second year. In order to address these challenges we implemented additional opportunities for remedial help in the summer, the month prior to the HSPA administration and expanding after school tutoring availability. Other activities included additional transition activities for incoming 9th graders, additional resources for Special Education Language Arts and Math instruction, and implementation of a locally developed RTI (Response to Intervention) program in Language Arts.

Advanced Placement participation continues to be a strong point of our school. The commitment of MRHS to a strong Advanced Placement program is clear and will continue due to the many benefits received by students involved. Administratively, we continue to monitor the enrollment in these classes and work to ensure an inclusive, supportive environment for students to stretch themselves into the Advanced Placement level.

School goals for 2012-13 continued a focus on the New Jersey State Core Content Standards, curriculum revisions, the use of technology in the classroom and the results of the renovation/addition project. Significant gains were made in curriculum revisions utilizing central questions and common assessments. Improving school spirit and sportsmanship were other goals for the year which showed continued improvement. Pep Rallies and large crowds with excellent behavior showed the wonderful character that our students have. I am proud to say that our school is a leader in addressing this aspect of civility and respect in our area. Sportsmanship and school spirit will continue being supported and encouraged in the coming year.

Professional Development in 2012-13 focused on the implementation of the NJ Core Content Standards and establishment of professional learning communities with our teaching staff. Due to the new student schedule and the continuation of "Unit Lunch", administration and staff are able to utilize the first half hour of every day for staff professional development. While mainly departmental, other professional learning communities have evolved with Special Education, cross-curricular planning, and instructional uses of technology. Many teachers participated in ETTC training and attended workshops from other providers. The Professional Development Committee continued its work of implementing the state required 100 hours of professional development. Technology training continues to be a major emphasis of the school's technology plan. Training on a variety of topics was delivered in individual and group training sessions. This technology training supported the faculty through the full implementation of the district's student information system and provided assistance with the use of technology within instruction.

The active Parent Organization held monthly meetings which provided useful information and programs to parents throughout the school year. The organization provided a school directory, a Post-Prom extravaganza for fun, alcohol-free activities to round out Prom night, and grants to aid teachers with special projects. Additionally, they continued to offer programs of interest to students and parents within their monthly meetings such as monthly updates from the Superintendent and Principal, workshops on financial aid, SAT Writing, and college admission. Of particular note was the group's involvement in support of passage of our budget with a special day that offered community members the opportunity to see our school first hand and participate in a number of fun activities.

A student-student mentoring program within 9th grade lunch study halls was continued from previous years. This program showed success in helping with the transition of 9th graders. There was also a continuation of an adult-student mentoring program run by the school's Intervention and Referral Services Committee. Involvement of constituents continued, as well, with Faculty Advisory Committee meetings and Parent Advisory Committee meeting to get feedback on a variety of school issues at various times during the year.

The success of Mainland Regional High School is a testament to our fine student population, their parents who are highly involved in their child's education, our outstanding faculty that works very hard to provide quality instruction to our students, and the administration and staff who show a true commitment to our students and school. Administratively, efforts continue toward expanding our offerings and addressing student needs through program development and implementation. While our school continues to shine in academics as well as extracurricular and co-curricular programs, we look forward to providing additional opportunities and even better results in the years ahead. Our hope is to have every Mainland student taking advantage of our wide variety of school offerings and developing themselves into productive citizens throughout the local and global communities in the years ahead.

DISTRICT STRATEGIC PLANS

In November the School Board approved its third Five-Year Strategic Plan to run from 2007-2012. The comprehensive final plan was developed by staff, parents, community members and students in a careful process coordinated by Supervisor Dan Kortvelesy and New Jersey School Boards consultant, Jane Kershner.

The Goals are as follows:

STRATEGIC PLAN GOALS, 2007-2012

Curriculum

1. Will provide equal opportunities for all students based on abilities, needs and interests.
2. Develop mechanisms to enhance alignment between sending districts and Mainland Regional High School.
3. Acquire and utilize innovative techniques and tools to address changing curriculum.

Communication

1. External
 - a. Maximize use of existing Mainland Regional High School communication tools, i.e. radio station, television, Internet
 - b. Develop annual PR/Communication action plan
2. Internal
 - a. Create more comprehensive guidance tools for parents/students from grades 9-12
 - b. Enhance communication channels between parents-teachers/administrator/BOE; teacher-teacher, teacher-administrator.

Climate

1. Student: to provide and communicate support mechanisms for students' emotional, social and academic needs.
2. Staff: to ensure an environment for open dialogue between staff and administration.
3. School: to improve MRHS PRIDE among all stakeholders

Finance

1. Identify and pursue new revenue opportunities.
2. Get annual budget passed and develop strategic plan to communicate and promote budget in future.
3. Find and implement controls wherever feasible.

Facilities

1. Evaluate the options for providing a facility compatible with our mission statement.
2. Communicate to the community the results of the evaluation and options presented that will accomplish our goals.
3. Devise a funding strategy that is supported by the community.

Our students' achievement, overall experience, and growth remain the core of what Mainland is. In addition to Newsweek's AP recognition noted earlier, the numbers of all our students achieving success on the State HSPA exams have continued to rise. We have met NCLB benchmarks across all student groupings. Our Music and Art programs have garnered awards, and our clubs have competed at the highest levels.

In the coming year, we are hoping that our communities will unite behind our school renovation project and Budget. The New Jersey State QSAC process and regional Middle States Evaluation will help us strengthen and improve Mainland even further. We will work to implement major portions of the Strategic Plan. For me, it is a privilege to serve as Superintendent in this outstanding District and to work with this staff and School Board.

The Board of Education has appointed a committee with Board Members and Administration to begin the next strategic plan.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that : (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's Single Audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in Notes to the Financial Statements, Note 1.

7. DEBT ADMINISTRATION:

At June 30, 2013, the District's outstanding debt issues included \$1,575,000 of general obligation bonds issued on April 1, 2003 to refinance the Early Retirement Plan, \$5,925,000 of general obligation bonds issued on June 1, 2005 to refinance the 1999 and 2000 series, \$8,635,000 of general obligation bonds, series 2009A issued on October 15, 2009 and \$28,645,000 of general obligation bonds, series 2009B issued on October 15, 2009. The 2009 bonds were issued to provide funds for Improvements, repairs and equipment to the Districts facilities, including installation of solar energy panels.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Financial Statements, Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C., CPAs, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the Single Audit are included in the Single Audit section of this report.

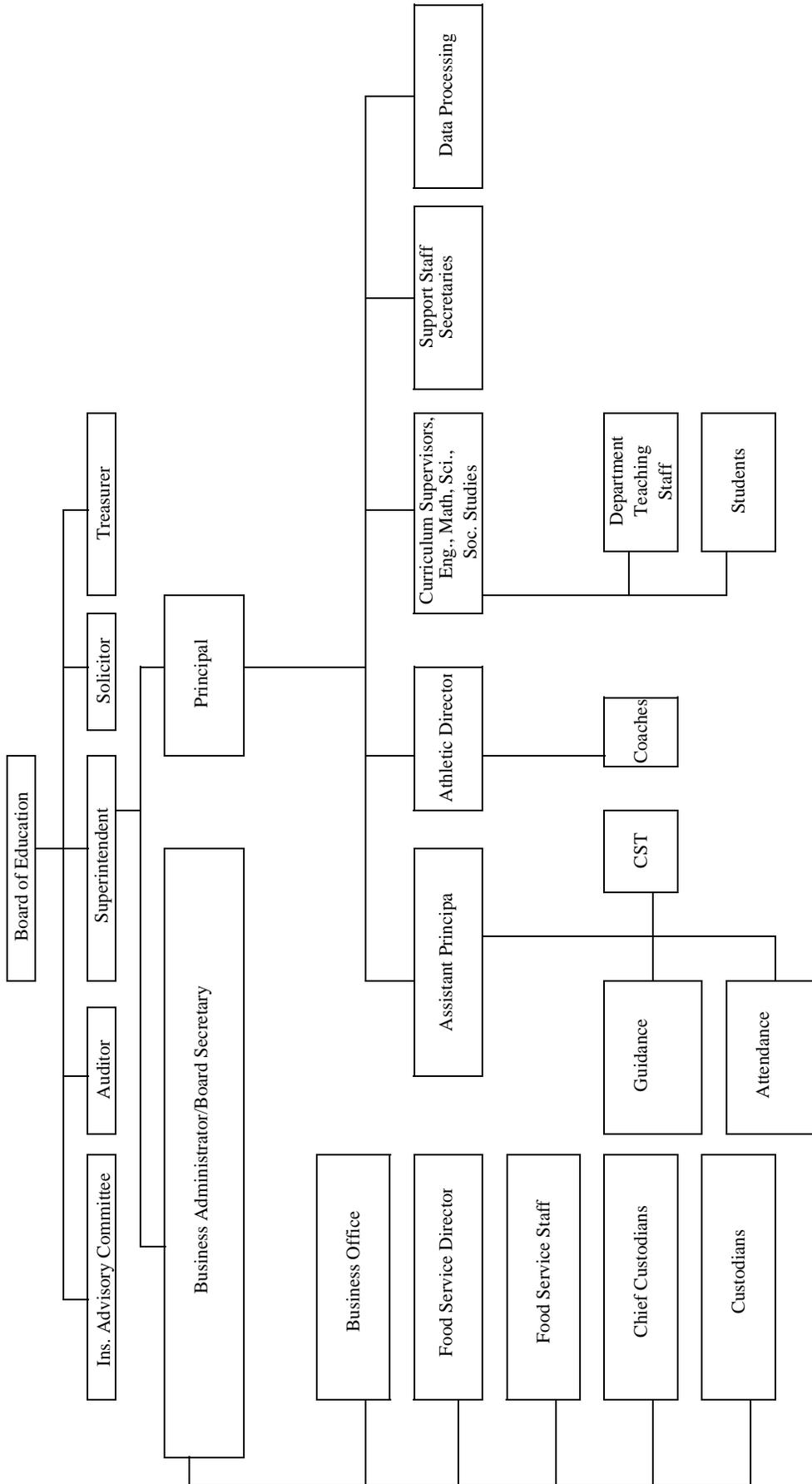
11. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Mainland Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Ms. Kim Gniewyk
Business Administrator/Board Secretary

MAINLAND REGIONAL HIGH SCHOOL
ORGANIZATIONAL CHART



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
COUNTY OF ATLANTIC, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

Members of the Board of Education	Term Expires
Jill Ojserkis, Esq., President	2015
Dr. Bradford Jungels, Vice- President	2014
Rose Cupo	2014
John Medica	2014
Charles Broomall	2015
Leanne Gray	2015
Douglas Harvey	2016
Valarie Lonkart	2016
Tay Person	2016
Other Officials	
Dr. Thomas A. Baruffi, Superintendent	
Kim Gniewyk, School Business Administrator/Board Secretary	
Valarie Lonkart, Treasurer of School Funds (To 5/20/13)	
Louis Greco, Esq., Solicitor	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Ford, Scott & Associates, L.L.C.

Certified Public Accountants
1535 Haven Avenue
P.O. Box 538
Ocean City, NJ 08226-0538

ATTORNEY

Louis Greco, Esq.

800 Route 50, Suite 2B
Mays Landing, NJ 08330

OFFICIAL DEPOSITORIES

Ocean City Home Bank

1001 Asbury Avenue
Ocean City, NJ 08244-2520

NJ/ARM Management Fund

156 State Street
Trenton, NJ 08608

Cape Bank

201 Shore Road
Linwood, NJ 08221

Beneficial Bank

530 Walnut Street
Philadelphia, Pa 19106-3696

The Bank of New York

385 Rifle Camp Road
West Paterson, NJ 07424-0403

MBIA

Municipal Investors Service Corp.
113 King Street
Armonk, NY 10504

NJ Cash Management Fund

Morgan Stanley Trust
Harborside Financial Center
Plaza Two
Jersey City, NJ 07311-3977

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FINANCIAL SECTION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • PO BOX 538 • OCEAN CITY, NJ • 08226-0538
PHONE 609.399.6333 • FAX 609.399.3710
www.ford-scott.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Mainland Regional High School District
County of Atlantic, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mainland Regional High School District, in the County of Atlantic, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Mainland Regional High School District, in the County of Atlantic, State of New Jersey, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Mainland Regional High School District, in the County of Atlantic's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the schedule of expenditures of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2014 on our consideration of the Board of Education of the Mainland Regional High School District, in the County of Atlantic 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Education of the Mainland Regional High School District, in the County of Atlantic's internal control over financial reporting and compliance.

Ford Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

February 14, 2014

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REQUIRED SUPPLEMENTARY INFORMATION – PART I

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The discussion and analysis of Mainland Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, Net Position increased \$995,081.01 which represents a 41 percent increase from 2012.
- General revenues accounted for \$25,777,587.99 in revenue, or, 81.9 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$5,679,834.34 or 18.1 percent of total revenues of \$31,457,422.33.
- Total assets of governmental activities increased by \$241,839.96 as cash and cash equivalents decreased by \$2,334,871.47, receivables increased by \$92,802.42, capital assets increased by \$2,937,249.79 and prepaid expenses decreased by \$230,046.32.
- The School District had \$30,462,341.32 in expenses; only \$5,679,834.34 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$25,777,587.99 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$26,348,459.34 in revenues and \$26,920,026.89 in expenditures. The General Fund's fund balance decreased \$330,491.27 over 2012.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Mainland Regional High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Mainland Regional High School District, the General Fund is by far the most significant fund.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and ask the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the school district as a whole, the financial position of the School district have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transaction. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Reporting the School District's Most Significant Funds (Continued)

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net Position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's Net Position for 2013 and 2012.

**Table 1
Net Position**

	2013	2012 (As Restated)
Assets		
Current and Other Assets	\$ 6,572,274.29	\$ 8,938,881.12
Capital Assets	44,648,028.25	41,718,726.43
Total Assets	51,220,302.54	50,657,607.55
Liabilities		
Long-Term Liabilities	45,822,030.61	47,553,432.44
Other Liabilities	1,048,401.32	635,729.07
Total Liabilities	46,870,431.93	48,189,161.51
Deferred Inflows of Resources		
Unearned Revenue	917,324.97	30,981.41
Total deferred Inflows of Resources	917,324.97	30,981.41
Net Position		
Invested in Capital Assets	1,231,338.14	(3,328,241.54)
Restricted	5,016,739.30	8,939,132.34
Unrestricted	(2,815,531.80)	(3,173,426.17)
Total Net Position	\$ 3,432,545.64	\$ 2,437,464.63

The District's combined Net Position was \$3,432,545.64 on June 30, 2013. This is an increase of 41 percent from the prior year.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

The School District as a Whole (Continued)

Table 2 shows changes in Net Position for fiscal year 2013 and 2012.

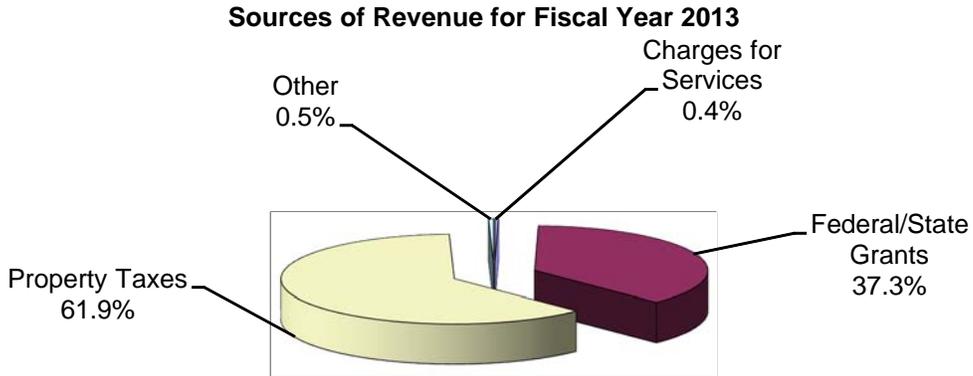
**Table 2
Changes in Net Position**

	2013	2012 (As Restated)
Revenues		
Program Revenues:		
Charges for Services	\$ 597,718.54	\$ 625,703.95
Operating Grants and Contributions	5,082,115.80	4,422,838.44
General Revenues:		
Property Taxes	18,767,626.00	17,928,295.00
Grants and Entitlements	6,863,563.74	6,896,123.03
Other	146,398.25	763,908.61
Total Revenues	31,457,422.33	30,636,869.03
Program Expenses		
Instruction	16,908,470.69	15,493,864.56
Support Services:		
Pupils and Instructional Staff	4,859,785.17	4,859,785.17
General Administration, School Administration, Business Operations and Maintenance of Facilities	4,537,668.59	5,475,181.85
Pupil Transportation	1,040,909.30	1,040,909.30
Interest on Debt	1,507,582.29	1,561,304.10
Food Service	1,265,994.74	1,272,653.63
Aquatic Center	38,686.66	53,151.79
Other	303,243.88	382,371.40
Total Expenses	30,462,341.32	30,139,221.80
Increase in Net Position	\$ 995,081.01	\$ 497,647.23

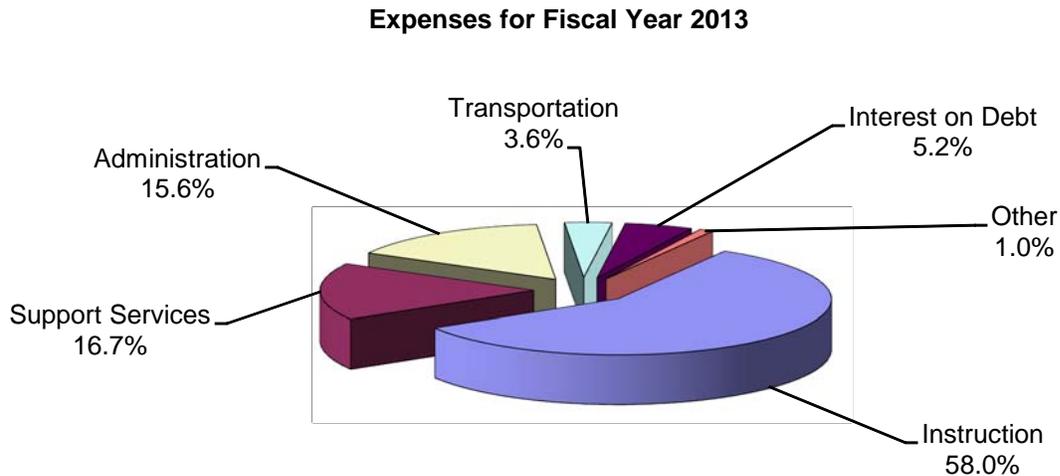
**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Governmental Activities

Property taxes made up 61.9 percent of revenues for governmental activities for the Mainland Regional High School District for fiscal year 2013. The District's total revenues were \$30,320,878.08 for the year ended June 30, 2013. Federal, state, and local grants accounted for another 37.3 percent of revenue, as illustrated in the following chart.



The total cost of all program and services was \$29,157,659.92. Instruction comprises 58 percent of district expenses.



**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service program and aquatic center) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$163,423.35. Aquatic Center expenses exceeded revenues by \$4,713.80.
- Charges for services are \$488,818.21. This represents amounts paid by patrons for daily food service and fees paid for use of the Aquatic Center.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$647,093.21.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	\$ 16,908,470.69	13,809,583.94	\$ 15,545,478.23	12,874,769.24
Support Services:				
Pupils and Instructional Staff	4,859,785.17	4,436,625.00	4,483,421.82	4,145,042.65
General Administration, School				
Administration, Business				
Operations and Maintenance				
of Facilities	4,537,668.59	4,161,171.96	4,452,314.70	4,159,407.78
Pupil Transportation	1,040,909.30	852,066.93	984,864.07	847,569.19
Interest and Fiscal Charges	1,507,582.29	1,052,509.57	1,561,304.10	1,091,893.19
Other	303,243.88	301,779.60	382,371.40	380,848.19
Total Expenses	<u>\$ 29,157,659.92</u>	<u>\$ 24,613,737.00</u>	<u>\$ 27,409,754.32</u>	<u>\$ 23,499,530.24</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Governmental Activities (Continued)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

"Other" includes special schools, charter schools and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$30,320,878.08 and expenditures were \$30,891,404.56. The net change in fund balance for the year was most significant in the General Fund with a decrease of \$330,491.27.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2013, and the amount and percentage of increases and decreases in relation to prior year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2012</u>	<u>Percent of Increase (Decrease)</u>
Local Sources	\$ 19,022,291.75	62.74%	\$ 210,594.28	1.12%
State Sources	10,679,430.93	35.22%	832,671.40	8.46%
Federal Sources	619,155.40	2.04%	(219,892.03)	-26.21%
Total	<u>\$ 30,320,878.08</u>	100.00%	<u>\$ 823,373.65</u>	2.79%

Federal Revenues decreased by \$219,892.03. The decrease in Federal Revenues is offset by an increase in Local Revenues of \$210,594.28.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

The School District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2013, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2012	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 12,203,523.19	39.50%	\$ 422,910.37	3.59%
Undistributed expenditures	14,523,176.99	47.01%	1,024,800.61	7.59%
Capital Outlay	470,516.70	1.52%	338,769.77	257.14%
Special Schools	9,393.75	0.03%	(2,801.25)	-22.97%
Charter Schools	289,843.00	0.94%	133,852.00	100.00%
Debt Service:				
Principal	1,875,000.00	6.07%	55,000.00	3.02%
Interest	1,519,950.93	4.92%	(48,353.75)	-3.08%
Total	<u>\$ 30,891,404.56</u>	100.00%	<u>\$ 1,924,177.75</u>	6.64%

Changes in expenditures were the results of varying factors.

Capital Assets

At the end of the fiscal year 2013, the School District had \$44,648,028.25 invested in land, building and equipment. Table 4 shows fiscal year 2013 balances compared to 2012.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	<u>2013</u>	<u>2012</u>
Land	\$ 1,076,079.00	1,076,079.00
Construction in Progress	38,551,724.40	35,367,755.74
Building and Building Improvements	3,988,260.33	4,218,628.54
Machinery and Equipment	1,031,964.52	1,056,263.15
Total	<u>\$ 44,648,028.25</u>	<u>\$ 41,718,726.43</u>

Overall capital assets increased \$2,929,301.82 from fiscal year 2012 to fiscal year 2013.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED (CONTINUED)**

Debt Administration

At June 30, 2013, the School District had \$45,822,030.61 of outstanding debt. Of this amount, \$830,340.50 is for compensated absences; \$211,690.11 for various capital leases; and \$43,205,000.00 of serial bonds for school construction and \$1,575,000.00 of refunding bonds for the Early Retirement Incentive Program.

**Table 5
Outstanding Bonded Debt at June 30,**

	2013	2012
2003 Refunding Bonds - ERIP	\$ 1,575,000.00	\$ 1,695,000.00
2005 General Refunding Bonds	5,925,000.00	6,610,000.00
2009A General Obligation Bonds	8,635,000.00	9,705,000.00
2009B General Obligation Bonds	28,645,000.00	28,645,000.00
Total	\$ 44,780,000.00	\$ 46,655,000.00

For more detailed information please refer to the Notes to the Financial Statements.

For the Future

The Mainland Regional High School District is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is decreased. For the 2013-2014 School year, the District has been approved as a School Choice District and will be accepting thirty five out of district students from surrounding communities.

In April, 2010 construction began on the Mainland Regional High School Additions and Renovations Project. The Project includes the addition of seven classrooms and renovations to all areas of the 50 year old building including HVAC and Technology. The project is anticipated to be completed by March, 2014.

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Ms. Kim Jensen Gniewyk, Business Administration/Board Secretary at Mainland Regional High School Board of Education, 1301 Oak Avenue, Linwood, New Jersey 08221. Please visit our website at www.mainlandregional.net.

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BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,617,359.68	\$ 105,228.77	\$ 5,722,588.45
Receivables, Net	523,396.67	270,865.96	794,262.63
Internal Balances	558,214.66	(558,214.66)	-
Due from Fiduciary Accounts	28,685.77		28,685.77
Inventory		26,737.44	26,737.44
Capital Assets			
Land and Construction in Progress	39,627,803.40		39,627,803.40
Capital Assets being Depreciated, net	4,977,590.64	42,634.21	5,020,224.85
Total Assets	<u>51,333,050.82</u>	<u>(112,748.28)</u>	<u>51,220,302.54</u>
LIABILITIES			
Accounts Payable	879,705.98	105,917.64	985,623.62
Payable to State Government	62,777.70	-	62,777.70
Noncurrent Liabilities			
Due Within One Year	1,997,365.81	-	1,997,365.81
Due Beyond One Year	43,824,664.80	-	43,824,664.80
Total Liabilities	<u>46,764,514.29</u>	<u>105,917.64</u>	<u>46,870,431.93</u>
DEFERRED INFLOW OF RESOURCES			
Unearned Revenue - Grants	35,127.50		35,127.50
Unearned Revenue - Property Taxes	882,197.47		882,197.47
Total Deferred Inflow of Resources	<u>917,324.97</u>	<u>-</u>	<u>917,324.97</u>
NET POSITION			
Invested in Capital Assets	1,188,703.93	42,634.21	1,231,338.14
Restricted for:			
Debt Service	(408,050.70)		(408,050.70)
Capital Projects	1,491,541.46		1,491,541.46
Other Purposes	3,933,248.54		3,933,248.54
Unrestricted	(2,554,231.67)	(261,300.13)	(2,815,531.80)
Total Net Position	<u>\$ 3,651,211.56</u>	<u>\$ (218,665.92)</u>	<u>\$ 3,432,545.64</u>

The accompanying Notes to Financial Statements are an integral part of this statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

Function/Programs	Expenses	Indirect Costs Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 9,092,129.23	\$ 3,490,022.83		\$ 1,775,755.78	\$ -	\$ (10,806,396.28)	\$ -	\$ (10,806,396.28)
Special Education	2,022,190.00	837,043.76		1,189,528.41		(1,669,705.35)		(1,669,705.35)
Other Special Instruction	1,102,502.99	364,581.88		133,602.56		(1,333,482.31)		(1,333,482.31)
Support Services:								
Tuition	1,323,836.31					(1,323,836.31)		(1,323,836.31)
Student & Instruction Related Services	2,598,435.60	937,513.26		423,160.17		(3,112,788.69)		(3,112,788.69)
School Administrative Services	633,704.52	230,448.07		84,448.67		(779,703.92)		(779,703.92)
Plant Operation and Maintenance	2,217,439.95	404,698.85		55,426.11		(2,418,409.10)		(2,418,409.10)
Pupil Transportation	891,111.17	149,798.13		135,368.15		(852,066.93)		(852,066.93)
Business and Other Support Services	810,369.58	241,007.62		88,318.26		(963,058.94)		(963,058.94)
Special Schools	9,405.08	3,995.80		1,464.28		(11,936.60)		(11,936.60)
Charter Schools	289,843.00					(289,843.00)		(289,843.00)
Interest on Long-Term Debt	1,507,582.29							
Unallocated Benefits	6,203,732.08	(6,203,732.08)		455,072.72		(1,052,509.57)		(1,052,509.57)
Unallocated Depreciation	455,378.12	(455,378.12)						
Total Governmental Activities	29,157,659.92	(0.00)	108,900.33	4,435,022.59	-	(24,613,737.00)	-	(24,613,737.00)
Business-Type Activities:								
Food Service	1,265,994.74			647,093.21		(163,820.47)		(163,820.47)
Aquatic Center	38,686.66			33,737.15		(4,949.51)		(4,949.51)
Total Business-Type Activities	1,304,681.40	-		647,093.21		(168,769.98)		(168,769.98)
Total Primary Government	\$ 30,462,341.32	\$ (0.00)	\$ 597,718.54	\$ 5,082,115.80	\$ -	\$ (24,613,737.00)	\$ (168,769.98)	\$ (24,782,506.98)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net						\$ 16,388,081.00	\$ -	\$ 16,388,081.00
Taxes Levied for Debt Service						2,379,545.00	-	2,379,545.00
Federal and State Aid not Restricted						6,863,563.74	-	6,863,563.74
Investment Earnings						24,531.05	632.83	25,163.88
Miscellaneous Income						121,234.37	-	121,234.37
Total General Revenues, Special Items, Extraordinary Items and Transfers						25,776,955.16	632.83	25,777,587.99
Change in Net Position						1,163,218.16	(168,137.15)	995,081.01
Net Position - Beginning						2,947,880.37	(50,528.77)	2,897,351.60
Restatement						(459,886.97)		(459,886.97)
Net Position - Beginning (As Restated)						2,487,993.40	(50,528.77)	2,437,464.63
Net Position - Ending						\$ 3,651,211.56	\$ (218,665.92)	\$ 3,432,545.64

The accompanying Notes to Financial Statements are an integral part of this Statement

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,245,868.69	\$ 75,202.45	\$ 2,295,247.47	\$ 1,041.07	\$ 5,617,359.68
Due from Other Funds	1,096,160.58			28,303.00	1,124,463.58
Due from Fiduciary Accounts	28,685.77				28,685.77
Receivables from Other Governments	261,391.51	166,866.56		1,042.64	429,300.71
Other Receivables	80,761.96	13,332.00		2.00	94,095.96
Total Assets	<u>\$ 4,712,868.51</u>	<u>\$ 255,401.01</u>	<u>\$ 2,295,247.47</u>	<u>\$ 30,388.71</u>	<u>\$ 7,293,905.70</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 427,846.66	\$ 38,927.23			\$ 466,773.89
Interfunds Payable		118,568.58	419,373.02	28,307.32	566,248.92
Deposits Payable	2,800.00				2,800.00
Payable to State Government		62,777.70			62,777.70
Deferred Revenue	882,197.47	35,127.50			917,324.97
Total Liabilities	<u>1,312,844.13</u>	<u>255,401.01</u>	<u>419,373.02</u>	<u>28,307.32</u>	<u>2,015,925.48</u>
Fund Balances:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures	1,803,713.84				1,803,713.84
Excess Surplus - Current Year	1,392,309.48				1,392,309.48
Capital Projects			1,491,541.46		1,491,541.46
Debt Service				2,081.39	2,081.39
Committed to:					
Other Purposes			384,332.99		384,332.99
Assigned to:					
Designated by the BOE for Subsequent Year's Expenditures	300,000.16				300,000.16
Other Purposes	52,892.07				52,892.07
Unassigned:					
General Fund	(148,891.17)				(148,891.17)
Total Fund Balances	<u>3,400,024.38</u>	<u>-</u>	<u>1,875,874.45</u>	<u>2,081.39</u>	<u>5,277,980.22</u>
Total Liabilities and Fund Balances	<u>\$ 4,712,868.51</u>	<u>\$ 255,401.01</u>	<u>\$ 2,295,247.47</u>	<u>\$ 30,388.71</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$57,528,243.55 and the accumulated depreciation is \$12,922,849.51 (See Note 6)

44,605,394.04

Interest on long-term debt in the statement of activities is accrued, regardless of when due.

(410,132.09)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 7)

(45,822,030.61)

Net position of governmental activities

\$ 3,651,211.56

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 16,388,081.00	\$ -	\$ -	\$ 2,379,545.00	\$ 18,767,626.00
Transportation Fees from Other LEA's	53,474.22				53,474.22
Miscellaneous	201,191.53				201,191.53
Total Local Sources	16,642,746.75	-	-	2,379,545.00	19,022,291.75
State Sources	9,662,983.93	-		1,016,447.00	10,679,430.93
Federal Sources	42,728.66	576,426.74			619,155.40
Total Revenues	26,348,459.34	576,426.74	-	3,395,992.00	30,320,878.08
EXPENDITURES					
Current:					
Regular Instruction	8,585,414.10	496,822.25	-	-	9,082,236.35
Special Education Instruction	2,019,817.30				2,019,817.30
Other Special Instruction	1,101,469.54				1,101,469.54
Support Services:					
Tuition	1,323,836.31				1,323,836.31
Student & Instruction Related Serv.	2,516,173.62	79,604.49			2,595,778.11
School Administrative Services	633,051.29				633,051.29
Other Administrative Services	809,686.42				809,686.42
Plant Operation and Maintenance	2,066,406.23				2,066,406.23
Pupil Transportation	890,686.55				890,686.55
Employee Benefits	6,203,732.08				6,203,732.08
Special Schools	9,393.75				9,393.75
Transfer to Charter School	289,843.00				289,843.00
Debt Service:					
Principal				1,875,000.00	1,875,000.00
Interest and Other Charges				1,519,950.93	1,519,950.93
Capital Outlay	470,516.70	-	3,192,049.30		3,662,566.00
Total Expenditures	26,920,026.89	576,426.74	3,192,049.30	3,394,950.93	34,083,453.86
Excess (Deficiency) of Revenues Over Expenditures	(571,567.55)	-	(3,192,049.30)	1,041.07	(3,762,575.78)
OTHER FINANCING SOURCES (USES)					
Capital lease (Non budgeted)	241,076.28				241,076.28
Total Other Financing Sources and Uses	241,076.28	-	-	-	241,076.28
Net Changes in Fund Balance	(330,491.27)	-	(3,192,049.30)	1,041.07	(3,521,499.50)
Fund Balance - July 1	3,730,515.65	-	5,067,923.75	1,040.32	8,799,479.72
Fund Balance - June 30	<u>\$ 3,400,024.38</u>	<u>\$ -</u>	<u>\$ 1,875,874.45</u>	<u>\$ 2,081.39</u>	<u>\$ 5,277,980.22</u>

The accompanying Notes to Financial Statements are an integral part of this Statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

Total Net Change in Fund Balance - Governmental Funds (from B-2)		\$ (3,521,499.50)
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
Depreciation expense	\$ (455,378.12)	
Capital outlay	3,392,627.91	2,937,249.79
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		
Bonds Payable		1,875,000.00
Capital Leases Payable		116,354.14
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Capital Lease Proceeds		(241,076.28)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		
		(18,876.03)
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.		
		16,066.04
Change in Net Position of Governmental Activities		\$ 1,163,218.16

The accompanying Notes to Financial Statements are an integral part of this Statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2013

	Business-type Activities - Enterprise Fund		
	Food Service	Non-Major Enterprise Funds (See Note 1) (See G-1)	Total 2013
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 43,859.32	\$ 61,369.45	\$ 105,228.77
Accounts Receivable	270,865.96		270,865.96
Inventory	26,737.44		26,737.44
Total Current Assets	<u>341,462.72</u>	<u>61,369.45</u>	<u>402,832.17</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	377,937.18		377,937.18
Less: Accumulated Depreciation	(335,302.97)		(335,302.97)
Total Noncurrent Assets	<u>42,634.21</u>	<u>-</u>	<u>42,634.21</u>
Total Assets	<u><u>\$ 384,096.93</u></u>	<u><u>\$ 61,369.45</u></u>	<u><u>\$ 445,466.38</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 105,917.64		\$ 105,917.64
Interfund Payable	495,011.61	63,203.05	558,214.66
Total Current Liabilities	<u>600,929.25</u>	<u>63,203.05</u>	<u>664,132.30</u>
Net Position			
Invested in Capital Assets	42,634.21		42,634.21
Unrestricted	(259,466.53)	(1,833.60)	(261,300.13)
Total Net Position	<u><u>\$ (216,832.32)</u></u>	<u><u>\$ (1,833.60)</u></u>	<u><u>\$ (218,665.92)</u></u>

The accompanying Notes to Financial Statements are an integral part of this Statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Fund		
	Food Service	Non-Major Enterprise Funds (See Note 1) (See G-2)	Total 2013
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 233,945.87		\$ 233,945.87
Daily Sales - Non-reimbursable Programs	126,048.51		126,048.51
Special Functions	26,401.03		26,401.03
Salary Reimbursement Fees	61,587.96		61,587.96
Membership and Lesson Fees		27,362.15	27,362.15
Use of Facility Fee		6,375.00	6,375.00
Miscellaneous	7,097.69		7,097.69
Total Operating Revenue	<u>455,081.06</u>	<u>33,737.15</u>	<u>488,818.21</u>
Operating Expenses:			
Cost of Sales	493,549.57		493,549.57
Salaries	514,888.13	35,937.47	550,825.60
Employee Benefits	181,617.43	2,749.19	184,366.62
Energy	2,909.84		2,909.84
Cleaning, Repair and Maintenance Services	6,011.48		6,011.48
General Supplies	50,699.48		50,699.48
Miscellaneous	8,370.84		8,370.84
Depreciation	7,947.97		7,947.97
Total Operating Expenses	<u>1,265,994.74</u>	<u>38,686.66</u>	<u>1,304,681.40</u>
Operating Income (Loss)	<u>(810,913.68)</u>	<u>(4,949.51)</u>	<u>(815,863.19)</u>
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	10,291.41		10,291.41
Federal Sources:			
National School Lunch Program	456,524.96		456,524.96
Federal Breakfast Program	108,593.69		108,593.69
Food Distribution Program	71,683.15		71,683.15
Interest and Investment Income	397.12	235.71	632.83
Total Nonoperating Revenues (Expenses)	<u>647,490.33</u>	<u>235.71</u>	<u>647,726.04</u>
Changes in Net Position	(163,423.35)	(4,713.80)	(168,137.15)
Total Net Position - Beginning	<u>(53,408.97)</u>	<u>2,880.20</u>	<u>(50,528.77)</u>
Total Net Position - Ending	<u>\$ (216,832.32)</u>	<u>\$ (1,833.60)</u>	<u>\$ (218,665.92)</u>

The accompanying Notes to Financial Statements are an integral part of this Statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Fund		
	Non-Major Enterprise Funds		
	Food Service	(See Note 1) (See G-3)	Total 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 370,959.92	\$ 33,737.15	\$ 404,697.07
Payments to Employees	(514,888.13)	(35,937.47)	(550,825.60)
Payments for Employee Benefits	(181,617.43)	(2,749.19)	(184,366.62)
Payments for Supplies	(471,042.11)		(471,042.11)
Net Cash (Used for) Operating Activities	<u>(796,587.75)</u>	<u>(4,949.51)</u>	<u>(801,537.26)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	10,291.41		10,291.41
Federal Sources	565,118.65		565,118.65
Operating Subsidies and Transfers to Other Funds	198,070.52	38,686.66	236,757.18
Net Cash Provided by Noncapital Financing Activities	<u>773,480.58</u>	<u>38,686.66</u>	<u>812,167.24</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	397.12	235.71	632.83
Net Cash Provided by Investing Activities	<u>397.12</u>	<u>235.71</u>	<u>632.83</u>
Net (Decrease) in Cash and Cash Equivalents	(22,710.05)	33,972.86	11,262.81
Balance - Beginning of Year	66,569.37	27,396.59	93,965.96
Balance - End of Year	<u>\$ 43,859.32</u>	<u>\$ 61,369.45</u>	<u>\$ 105,228.77</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (Loss)	\$ (810,913.68)	\$ (4,949.51)	\$ (815,863.19)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	7,947.97	-	7,947.97
Donated Commodities Received During the Year	71,683.15	-	71,683.15
Increase in Accounts Receivable	(84,121.14)	-	(84,121.14)
Increase in Inventories	(10,289.26)	-	(10,289.26)
Increase in Accounts Payable	29,105.21	-	29,105.21
Total Adjustments	<u>14,325.93</u>	<u>-</u>	<u>14,325.93</u>
Net Cash (Used for) Operating Activities	<u>\$ (796,587.75)</u>	<u>\$ (4,949.51)</u>	<u>\$ (801,537.26)</u>

The accompanying Notes to Financial Statements are an integral part of this Statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2013

	Private Purpose Scholarship Fund	Memorial Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 94,635.57	\$ 2,670.25	\$ 294,271.57
Due from Employees			39.27
Total Assets	94,635.57	2,670.25	294,310.84
LIABILITIES			
Payable to District	4,500.00	-	24,185.77
Payroll Deductions and Withholdings			79.59
Payable to Student Groups			270,045.48
Total Liabilities	4,500.00	-	\$ 294,310.84
Net Position			
Held in Trust for Unemployment Claims and Other Purposes			
Reserved for Scholarships	\$ 90,135.57		
Reserve for Memorial Trust		\$ 2,670.25	

The accompanying Notes to Financial Statements are an integral part of this Statement

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	<u>Private Purpose Scholarship Fund</u>	<u>Memorial Trust Fund</u>
ADDITIONS		
Contributions:		
Other	\$ 3,948.40	\$ -
Total Contributions	<u>3,948.40</u>	<u>-</u>
Investment Earnings:		
Interest	608.48	15.95
Net Investment Earnings	<u>608.48</u>	<u>15.95</u>
Total Additions	<u>4,556.88</u>	<u>15.95</u>
DEDUCTIONS		
Scholarships Awarded	6,606.00	
Memorial Trust Disbursements		831.25
Total Deductions	<u>6,606.00</u>	<u>831.25</u>
Changes in Net Position	(2,049.12)	(815.30)
Net Position - Beginning of the Year	92,184.69	3,485.55
Net Position - End of the Year	<u>\$ 90,135.57</u>	<u>\$ 2,670.25</u>

The accompanying Notes to Financial Statements are an integral part of this Statement

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Mainland Regional High School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Mainland Regional High School District is a Type II District located in the County of Atlantic, State of New Jersey. The Board consists of nine members elected to three-year terms. The purpose of the District is to educate students in grades 9-12. The District receives its students from Linwood, Somers Point and Northfield. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general and special revenue activities are classified as governmental activities. The District's food service program and Aquatic Center are classified as business-type activities.

In the governmental-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities (food service and Aquatic Center). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - Continued

The following fund types are used by the District:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for a specific purpose. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Capital projects** funds are used to account for all financial resources to be used for the acquisition or construction of major capital facilities. The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.
- d. **Debt service** funds are used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS - Continued

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs.

The District's Enterprise Fund is comprised of the following;

A Food Service Fund that accounts for all revenues and expenses pertaining to the District's cafeteria operations.

An Aquatic Center Fund that accounts for all revenues and expenses pertaining to the District's Aquatic Center.

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, and are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.), and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All fund internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. BASIS OF ACCOUNTING - Continued

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

3. Inventories:

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first –out method. As of June 30, 2013, the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food	\$ 22,681.97
Supplies	<u>4,055.47</u>
	<u>\$ 26,737.44</u>

The value of federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements. The value of commodities included in the food inventory on June 30, 2013 is \$10,389.55.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assests	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

5. Revenues:

Substantially, all governmental fund revenues are accrued. Property taxes are susceptible to accrual and under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

7. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-Wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

9. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPs, there is no public vote on the budget. If the budget exceeds State mandated CAPs, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. FINANCIAL STATEMENT AMOUNTS - Continued

9. Budgets/Budgetary Control: Continued

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Special Education - Instruction	
Resource Room/Resource Center	
Salaries of Teachers	\$ (66,032.27)
Undistributed Expenditures - Edu. Media Serv./Sch. Library	
Other Purchased Services (400-500 Series)	\$ 69,137.00
Supplies and Materials	\$ (69,650.50)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

10. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

11. Allocation of Costs:

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

F. ACCOUNTING CHANGES

Change in Accounting Principles – As the result of implementing Governmental Accounting Standards Board (GASB) Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2012 by \$459,886.97. The decrease results from no longer deferring and amortizing bond issuance costs.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In April 2012, GASB issued Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In June 2012, GASB issued Statement No. 67 "Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, will not have any effect on the District's financial reporting.

In June 2012, GASB issued Statement No. 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the District's financial reporting.

In January 2013, GASB issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, will not have any effect on the District's financial reporting.

In April 2013, GASB issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal years beginning after June 15, 2013, will not have any impact on the District's financial statements

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Custodial Credit Risk-Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The district's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2013, \$163,944.81 of the government's bank balance of \$6,711,461.30 was exposed to custodial credit risk.

Investments

N.J.S.A. 40A:5-15.1 provides specific guidance for the allowable investment of public funds. In order to maximize liquidity, while complying with statutory requirements, the District utilizes the New Jersey Cash Management Fund ("NJCMF"), the New Jersey's Asset and Rebate management Program ("NJ/ARM") and MBIA "CLASS" for investing purposes.

The NJCMF is administered by New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term commercial paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. At June 30, 2013, the Board's balance was \$31,718.66.

The NJ/ARM is an external investment pool administered by a third party. It invests pooled monies from various local governmental units within the State of New Jersey in primarily short-term investments. These investments include: U.S. Treasury bills and notes and other obligations guaranteed by the United States of America, Federal agency bonds and notes with a maturity no greater than 397 days, and repurchase agreements fully collateralized by U.S. Treasury or Federal agency obligations. Monies can be freely added or withdrawn from the NJ/ARM on a daily basis without penalty. At June 30, 2013, the District's balance was \$75,749.17.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued

Investments - Continued

MBIA's New Jersey CLASS pool is a 2a7-like investment pool. At June 30, 2013, the District's balance was \$6,306.50.

Credit Risk: The NJ/ARM is rated "AAAm" by Standard and Poor's. The NJCMF is not rated. MBIA's New Jersey CLASS is rated "AAA/V1+" by Fitch Ratings. The District does not have an investment policy regarding the management of credit risk.

Interest Rate Risk: The District does not have a policy to limit interest rate risk. As noted below, the investment in the NJ/ARM has a weighted average maturity of 1 day at June 30, 2013. Weighted average maturity was not available for the New Jersey Cash Management Fund.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
New Jersey Cash Management Fund	\$ 31,718.66	Not Available
MBIA's CLASS	6,306.50	Not Available
NJ/ARM	75,749.17	1
	<u>\$ 113,774.33</u>	

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 3. FIXED ASSETS

Capital Asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance June 30, 2013</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,076,079.00	\$ -	\$ -	\$ 1,076,079.00
Construction in process	35,367,755.74	3,183,968.66	-	38,551,724.40
Total capital assets not being depreciated	<u>36,443,834.74</u>	<u>3,183,968.66</u>	<u>-</u>	<u>39,627,803.40</u>
Capital assets being depreciated:				
Buildings and building improvements	11,341,351.00	-	-	11,341,351.00
Equipment	6,350,429.90	208,659.25	-	6,559,089.15
Total capital assets being depreciated at historical cost	<u>17,691,780.90</u>	<u>208,659.25</u>	<u>-</u>	<u>17,900,440.15</u>
Less accumulated depreciation for:				
Buildings and building improvements	(7,122,722.46)	(230,368.21)		(7,353,090.67)
Equipment	(5,344,748.93)	(225,009.91)		(5,569,758.84)
Total accum deprec	<u>(12,467,471.39)</u>	<u>(455,378.12)</u>	<u>-</u>	<u>(12,922,849.51)</u>
Total capital assets being depr, net of accum depr	<u>5,224,309.51</u>	<u>(246,718.87)</u>	<u>-</u>	<u>4,977,590.64</u>
Governmental Activities Capital Assets, net	<u>\$ 41,668,144.25</u>	<u>\$ 2,937,249.79</u>	<u>\$ -</u>	<u>\$ 44,605,394.04</u>
Business-Type Activities:				
Equipment	\$ 377,937.18	\$ -	\$ -	\$ 377,937.18
Less accum depr for:				
Equipment	(327,355.00)	(7,947.97)		(335,302.97)
Business-Type Activities Capital Assets, net	<u>\$ 50,582.18</u>	<u>\$ (7,947.97)</u>	<u>\$ -</u>	<u>\$ 42,634.21</u>

Depreciation expense was charged to governmental functions as follows:

INSTRUCTION

Regular Instruction	\$ 238,662.53
Special Education	57,240.59
Other Special Education	24,931.65

SUPPORT SERVICES

Student & instruction related Services	64,111.12
School Administration	15,759.01
General & Business Services	16,481.12
Plant Operations	27,675.02
Pupil Transportation	10,243.83
Special Schools	273.25

\$ 455,378.12

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 4. PENSION PLANS

Description of Plans

All required employees of the District are covered by either the Public Employees' Retirement System or the Teacher's Pension and Annuity Fund cost-sharing multiple-employer defined benefit pension plans which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost sharing multiple employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 4. PENSION PLANS - Continued

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.64% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2013, 2012 and 2011 were \$729,865.00, \$354,694.00, and \$0 respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The State of New Jersey did not make the required contributions for 2011. The School District's contributions to PERS for the years ending June 30, 2013, 2012 and 2011 were \$289,120.00, \$304,087.00 and \$287,294.00 respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$825,294.00, \$713,025.00, and \$750,920.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$885,099.93, \$842,134.53, and \$842,329.14, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance in GASB 27.

For the DCRP, members contribute at a uniform rate of 5.5% of their base salary. Employers are required to contribute at a set rate of 3.0% of base salary. There were eleven employees enrolled in the DCRP for the year ended June 30, 2013.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 4. PENSION PLANS - Continued

Significant Legislation - Continued

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}^{\text{th}}$ from $\frac{1}{55}^{\text{th}}$, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also required the State to make its full pension contribution, defined at $\frac{1}{7}^{\text{th}}$ of the required amount, beginning in fiscal year 2012.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 4. PENSION PLANS - Continued

Significant Legislation - Continued

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charges, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 5. POST-RETIREMENT BENEFITS

P.L. 1987, Chapter 384 and P.L. 1990 Chapter 6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007 c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for funding and payment of post-retirement medical benefits for retired State employees and educational employees. As of June 30, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012. The State also makes on-behalf payment for Teachers Pension and Annuity program retirees for health benefits. The on-behalf amount paid by the State of New Jersey in fiscal year 2013 was \$825,294.00.

NOTE 6. DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

VALIC (Variable Annuity Life Insurance Co.)
Lincoln Investment Planning Inc.
Hartford/Janney
Equitable (Equi-Vest)
Syracusa Benefits Program
Vanguard

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 7. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the district's personnel policy. Upon termination, employees are paid for accrued vacation. Sick leave benefits provide for ordinary sick pay and is capped based on the various employee contracts.

In the district-wide Statement of Net position, the liabilities whose average maturities are greater than one year are reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 8. GENERAL LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Issues or Additions	Payments or Expenditures	Balance June 30, 2013	Amounts Due Within One Year
Compensated Absences	\$ 811,464.47	\$ 18,876.03	\$	\$ 830,340.50	\$
Capital Leases	86,967.97	241,076.28	116,354.14	211,690.11	67,365.81
Bonds Payable	46,655,000.00		1,875,000.00	44,780,000.00	1,930,000.00
	<u>\$ 47,553,432.44</u>	<u>\$ 259,952.31</u>	<u>\$ 1,991,354.14</u>	<u>\$ 45,822,030.61</u>	<u>\$ 1,997,365.81</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

At June 30, 2013, bonds payable consisted of the following issues:

\$2,585,000 Early Retirement Incentive Program Refunding Bonds, Series 2003, dated April 1, 2003, due in annual installments through April 1, 2023, bearing interest at varying rates. The balance remaining as of June 30, 2013 is \$1,575,000.00.

\$8,125,000 General Obligation School Refunding Bonds dated June 1, 2005, due in annual installments through August 1, 2020, bearing interest at varying rates. The balance remaining as of June 30, 2013 is \$5,925,000.00.

\$11,770,000 General Obligation Bonds, Series A dated October 15, 2009, due in annual installments through October 15, 2019, bearing interest at varying rates. The balance remaining as of June 30, 2013 is \$8,635,000.00.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 8. GENERAL LONG-TERM DEBT - Continued

Bonds Payable - Continued

\$28,645,000 General Obligation Bonds, Series B (Taxable Direct Build America Bonds) dated October 15, 2009, due in annual installments through October 15, 2029, bearing interest at varying rates. The balance remaining as of June 30, 2013 is \$28,645,000.00. Interest on the Build America Bonds are subject to a 35% subsidy from the Federal Government. The federal subsidy would amount to \$8,486,982.00 over the life of the bonds.

Debt service requirements on serial bonds payable at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	1,930,000.00	1,992,071.28	\$ 3,922,071.28
2015	1,995,000.00	1,937,338.78	3,932,338.78
2016	2,060,000.00	1,876,310.03	3,936,310.03
2017	2,130,000.00	1,811,531.28	3,941,531.28
2018	2,545,000.00	1,384,745.00	3,929,745.00
2019-2023	12,460,000.00	7,174,230.64	19,634,230.64
2024-2028	14,600,000.00	4,685,400.01	19,285,400.01
2029-2030	7,060,000.00	401,625.00	7,461,625.00
	<u>\$ 44,780,000.00</u>	<u>\$ 21,263,252.02</u>	<u>\$ 66,043,252.02</u>

Capital Leases

The District is leasing Technology Equipment totaling \$124,861.31, a World Language Lab totaling 158,032.60 and TV Studio Equipment totaling \$241,076.28 under capital leases. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2013:

Fiscal Year Ending June 30,	Principal
2014	\$ 78,863.10
2015	53,943.20
2016	53,943.20
2017	53,943.20
Total minimum lease payments	240,692.70
Less amount representing interest	29,002.59
Present value of lease payments	<u>\$ 211,690.11</u>

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 9. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,124,846.35	\$
Special Revenue Fund		118,568.58
Capital Projects Fund		419,373.02
Debt Service Fund	28,303.00	28,307.32
Enterprise Funds		558,214.66
Private Purpose Trust		4,500.00
Agency Funds		24,185.77
Total	\$ <u>1,153,149.35</u>	\$ <u>1,153,149.35</u>

Interfunds were created throughout the year due to short term borrowings to cover cash flow needs in the various funds and to cover cash overdrafts for pooled funds. The governmental fund interfunds were eliminated in the governmental-wide statements.

NOTE 10. FUND BALANCE APPROPRIATED

General Fund – Of the \$3,400,024.38 General Fund fund balance, at June 30, 2013, \$3,146,023.32 is restricted as excess surplus in accordance with NJSA 18A:7F-7, (of this amount, \$1,803,713.84 is designated for subsequent year's expenditures and been appropriated and included as anticipated revenue for the year ending June 30, 2014); \$300,000.16 has been appropriated and included as anticipated revenue for the year ending June 30, 2014; \$52,892.07 has been assigned for other purposes and (\$98,891.17) is classified as Unassigned.

Capital Projects Fund – Of the \$1,875,874.45 Capital Projects Fund fund balance, at June 30, 2013, \$1,491,541.46 is restricted for a Capital project for additions and renovations to the High School; \$384,332.99 has been committed for construction contracts payable authorized by the Board of Education for various capital projects.

Debt Service Fund - Of the \$2,081.39 Debt Service Fund fund balance, at June 30, 2013, \$2,081.39 is restricted debt service.

NOTE 11. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by P.L. 2004, c.73, the designation for Reserved Fund Balance – Excess Surplus is a required calculation. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance generated at June 30, 2013 is \$1,342,309.48.

**MAINLAND REGIONAL HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability and surety bonds. During the fiscal year ended June 30, 2013, the District did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the District is required to remit deductions directly to the New Jersey Commissioner of Labor. The district no longer uses the "Benefits Reimbursement method" or makes deposits into the Unemployment Compensation Insurance Trust Fund.

NOTE 13. LITIGATION

From time to time, the District is a defendant or plaintiff in legal proceedings relating to its operations as a school district. Management has assured us that the district is not involved in any litigation at the present time.

NOTE 14. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 14, 2014, the date which the financial statements were available to be issued and no items were noted for disclosure or adjustment.

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REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 16,388,081.00	-	\$ 16,388,081.00	\$ 16,388,081.00	\$ -
Transportation Fees from Other LEA's	50,000.00	-	50,000.00	53,474.22	3,474.22
Miscellaneous	180,000.00	-	180,000.00	201,191.53	21,191.53
Total Local Sources	16,618,081.00	-	16,618,081.00	16,642,746.75	24,665.75
State Sources:					
Categorical Special Education Aid	886,381.00	-	886,381.00	886,381.00	-
Extraordinary Aid	50,000.00	-	50,000.00	60,473.00	10,473.00
Equalization Aid	6,198,209.00	-	6,198,209.00	6,198,209.00	-
Categorical Security Aid	32,980.00	-	32,980.00	32,980.00	-
Categorical Transportation Aid	73,514.00	-	73,514.00	73,514.00	-
Non Public School Transportation Costs				6,960.00	6,960.00
On-behalf TPAF Pension (Non-Budgeted)				729,865.00	729,865.00
On-behalf TPAF Postretirement Contributions (Non-Budgeted)				825,294.00	825,294.00
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				885,099.93	885,099.93
Total State Sources	7,241,084.00	-	7,241,084.00	9,698,775.93	2,457,691.93
Federal Sources:					
Educational Jobs Fund	651.00	-	651.00	8,568.00	7,917.00
Medicaid Reimbursement (SEMI)	19,168.00	-	19,168.00	32,812.49	13,644.49
Medicaid Administrative Claiming (MAC)				1,348.17	
Total Federal Sources	19,819.00	-	19,819.00	42,728.66	21,561.49
Total Revenues	23,878,984.00	-	23,878,984.00	26,384,251.34	2,503,919.17
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Grades 9 - 12 Salaries of Teachers	8,068,589.00	-	8,068,589.00	8,039,546.46	29,042.54
Regular Programs - Home Instruction Salaries of Teachers	170,000.00	48,000.00	218,000.00	165,176.90	52,823.10
Regular Programs - Indistributed Instruction Other Purchased Services (400-500 Series)	82,300.00	(2,234.48)	80,065.52	55,415.52	24,650.00
General Supplies	276,352.26	38,500.00	314,852.26	255,614.27	59,237.99
Textbooks	104,200.00	(29,500.00)	74,700.00	65,773.45	8,926.55
Other Objects	17,200.00	-	17,200.00	3,887.50	13,312.50
TOTAL REGULAR PROGRAMS - INSTRUCTION	8,718,641.26	54,765.52	8,773,406.78	8,585,414.10	187,992.68
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center					
Salaries of Teachers	1,634,650.00	(66,032.27)	1,568,617.73	1,505,049.98	63,567.75
Other Salaries for Instruction	503,051.00	25,200.00	528,251.00	462,763.08	65,487.92
General Supplies	37,000.00	(13,500.00)	23,500.00	18,550.81	4,949.19
Textbooks	14,000.00	23,500.00	37,500.00	33,453.43	4,046.57
Total Resource Room/Resource Center	2,188,701.00	(30,832.27)	2,157,868.73	2,019,817.30	138,051.43
TOTAL SPECIAL EDUCATION - INSTRUCTION	2,188,701.00	(30,832.27)	2,157,868.73	2,019,817.30	138,051.43
Bilingual Education - Instruction					
General Supplies	250.00	-	250.00	-	250.00
Total Bilingual Education - Instruction	250.00	-	250.00	-	250.00
School-Spon. Cocurricular Activities - Instruction					
Salaries	354,295.00	19,900.00	374,195.00	374,154.31	40.69
Supplies & Materials	35,000.00	-	35,000.00	32,849.53	2,150.47
Total School-Spon. Cocurricular Activities - Inst.	389,295.00	19,900.00	409,195.00	407,003.84	2,191.16

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
School-Spon. Cocurricular Athletics - Instruction					
Salaries	\$ 485,878.00	\$ -	\$ 485,878.00	\$ 482,944.23	\$ 2,933.77
Purchased Services (300-500 series)	80,000.00	19,200.00	99,200.00	96,247.00	2,953.00
Supplies & Materials	97,883.35	(6,280.54)	91,602.81	111,751.45	(20,148.64)
Other Objects	12,400.00	17,823.02	30,223.02	3,523.02	26,700.00
Total School-Spon. Cocurricular Athletics - Inst.	676,161.35	30,742.48	706,903.83	694,465.70	12,438.13
TOTAL INSTRUCTION	11,973,048.61	74,575.73	12,047,624.34	11,706,700.94	340,923.40
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to County Voc. School District - Regular	240,790.00	(12,000.00)	228,790.00	220,943.00	7,847.00
Tuition to CSSD & Regional Day Schools	879,385.00	(1,000.00)	878,385.00	748,430.24	129,954.76
Tuition to Private Schools for the Disabled - Within State	282,331.00	(60,843.00)	221,488.00	184,462.15	37,025.85
Tuition to Private Schools for the Disabled & Other LEA - Spl. O/S St.	95,000.00	-	95,000.00	84,499.92	10,500.08
Tuition - State Facilities	85,501.00	-	85,501.00	85,501.00	-
Total Undistributed Expenditures - Instruction	1,583,007.00	(73,843.00)	1,509,164.00	1,323,836.31	185,327.69
Undistributed Expend. - Attend. & Social Worker					
Salaries	38,575.00	1,500.00	40,075.00	39,850.00	225.00
Supplies & Materials	-	-	-	-	-
Total Undist. Expend. - Attend. & Social Worker	38,575.00	1,500.00	40,075.00	39,850.00	225.00
Undistributed Expend. - Health Services					
Salaries	144,100.00	-	144,100.00	143,240.00	860.00
Purchased Professional and Technical Services	22,000.00	(2,808.00)	19,192.00	19,139.15	52.85
Supplies & Materials	2,000.00	-	2,000.00	1,740.53	259.47
Total Undistributed Expend. - Health Services	168,100.00	(2,808.00)	165,292.00	164,119.68	1,172.32
Undistributed Expend.- Speech, OT, PT & Related Services					
Salaries	81,850.00	(1,500.00)	80,350.00	55,454.40	24,895.60
Purchased Professional - Educational Services	65,000.00	-	65,000.00	54,297.50	10,702.50
Supplies and Materials	2,000.00	-	2,000.00	2,000.00	-
Total Undist. Expend. - Speech, OT, PT & Related Services	148,850.00	(1,500.00)	147,350.00	109,751.90	37,598.10
Undist. Expend. -Guidance					
Salaries of Other Professional Staff	544,764.00	-	544,764.00	528,507.78	16,256.22
Salaries of Secretarial and Clerical Assistants	130,100.00	-	130,100.00	123,900.00	6,200.00
Supplies & Materials	34,000.00	3,735.00	37,735.00	34,525.23	3,209.77
Total Undist. Expend. - Guidance	708,864.00	3,735.00	712,599.00	686,933.01	25,665.99
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	425,450.00	-	425,450.00	414,855.46	10,594.54
Salaries of Secretarial and Clerical Assistants	103,300.00	-	103,300.00	98,300.00	5,000.00
Purchased Professional - Education Services	57,935.00	(200.00)	57,735.00	31,439.03	26,295.97
Supplies & Materials	33,762.55	2,500.00	36,262.55	35,779.67	482.88
Total Undist. Expend. - Child Study Teams	620,447.55	2,300.00	622,747.55	580,374.16	42,373.39
Undist. Expend.-Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	392,752.00	2,200.00	394,952.00	394,779.00	173.00
Salaries of Secr and Clerical Assist.	135,200.00	-	135,200.00	131,281.37	3,918.63
Total Undist. Expend.-Improvement of Instructional Services	527,952.00	2,200.00	530,152.00	526,060.37	4,091.63

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 273,651.00	\$ 313.50	\$ 273,964.50	\$ 273,839.63	\$ 124.87
Other Purchased Services (400-500 Series)		69,137.00	69,137.00	40,353.23	28,783.77
Supplies & Materials	147,257.00	(69,650.50)	77,606.50	72,675.49	4,931.01
Total Undistributed Expenditures - Educational Media Services - School Library	<u>420,908.00</u>	<u>(200.00)</u>	<u>420,708.00</u>	<u>386,868.35</u>	<u>33,839.65</u>
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Education Services	56,900.00	(5,695.00)	51,205.00	16,898.05	34,306.95
Other Purchased Services (400-500 series)	10,250.00	160.00	10,410.00	5,318.10	5,091.90
Total Undistributed Expenditures - Instructional Staff Training Services	<u>67,150.00</u>	<u>(5,535.00)</u>	<u>61,615.00</u>	<u>22,216.15</u>	<u>39,398.85</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	174,960.00	100.00	175,060.00	175,000.57	59.43
Legal Services	50,000.00	(2,700.00)	47,300.00	25,258.00	22,042.00
Audit Fees	25,000.00	-	25,000.00	24,150.00	850.00
Other Purchased Professional Services	19,000.00	(1,400.00)	17,600.00	17,600.00	-
Communications/Telephone	30,000.00	1,000.00	31,000.00	30,845.12	154.88
Other Purchased Services (400-500 series)	35,000.00	800.00	35,800.00	35,772.00	28.00
General Supplies	19,162.84	1,000.00	20,162.84	14,332.87	5,829.97
Judgments Agt. School Dist.	50,000.00	-	50,000.00	-	50,000.00
Miscellaneous Expenditures	29,975.00	2,000.00	31,975.00	25,279.38	6,695.62
Total Undistributed Expenditures - Support Services - General Administration	<u>433,097.84</u>	<u>800.00</u>	<u>433,897.84</u>	<u>330,637.94</u>	<u>103,259.90</u>
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals	298,092.00	28,332.27	326,424.27	321,654.00	4,770.27
Salaries of Other Professional Staff	114,288.00	2,050.00	116,338.00	116,315.00	23.00
Salaries of Secretarial and Clerical Assistants	100,000.00	3,830.08	103,830.08	103,793.27	36.81
Purchased Professional and Technical Services	54,200.00	(4,650.00)	49,550.00	44,309.79	5,240.21
Supplies & Materials	68,120.00	(1,230.08)	66,889.92	46,979.23	19,910.69
Total Undistributed Expenditures - Support Services - School Administration	<u>634,700.00</u>	<u>28,332.27</u>	<u>663,032.27</u>	<u>633,051.29</u>	<u>29,980.98</u>
Undist. Expend.-Central Services					
Salaries	354,720.00	3,010.00	357,730.00	357,543.86	186.14
Purchased Technical Services	22,000.00	12,007.00	34,007.00	34,007.00	-
Sale/Lease-back Payments	61,400.00	(10,117.00)	51,283.00	46,346.88	4,936.12
Supplies and Materials	14,400.00	(5,800.00)	8,600.00	5,778.54	2,821.46
Miscellaneous Expenditures	3,500.00	-	3,500.00	1,329.83	2,170.17
Total Undist. Expend. Central Services	<u>456,020.00</u>	<u>(900.00)</u>	<u>455,120.00</u>	<u>445,006.11</u>	<u>10,113.89</u>
Undist. Expend.-Admin. Info. Technology					
Salaries	29,725.00	4,400.00	34,125.00	34,042.37	82.63
Total Undist. Expend. Admin. Info. Technology	<u>29,725.00</u>	<u>4,400.00</u>	<u>34,125.00</u>	<u>34,042.37</u>	<u>82.63</u>
Undist. Expend. - Required Maint. School Fac.					
Salaries	322,985.00	(5,000.00)	317,985.00	302,953.73	15,031.27
Cleaning, Repair and Maintenance Service	290,361.69	27,000.00	317,361.69	259,826.58	57,535.11
General Supplies	75,000.00	-	75,000.00	40,220.69	34,779.31
Total Undistributed Expenditures - Required Maintenance for School Facilities	<u>688,346.69</u>	<u>22,000.00</u>	<u>710,346.69</u>	<u>603,001.00</u>	<u>107,345.69</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 693,685.00	\$ (25,665.00)	\$ 668,020.00	\$ 586,777.60	\$ 81,242.40
Salaries of Secretarial and Clerical Assistants		16,240.00	16,240.00	16,192.94	47.06
Salaries Other		1,425.00	1,425.00	1,361.00	64.00
Cleaning, Repair and Maintenance Service	25,000.00	-	25,000.00	2,051.78	22,948.22
Other Purchased Property Services	70,000.00	-	70,000.00	63,993.98	6,006.02
Insurance	100,225.00	(2,000.00)	98,225.00	80,218.00	18,007.00
General Supplies	61,000.00	56,000.00	117,000.00	110,813.62	6,186.38
Energy(Energy and Electricity)	710,000.00	(71,400.00)	638,600.00	440,871.62	197,728.38
Other Objects	4,000.00	-	4,000.00	1,438.00	2,562.00
Total Undistributed Expenditures - Custodial Services	<u>1,663,910.00</u>	<u>(25,400.00)</u>	<u>1,638,510.00</u>	<u>1,303,718.54</u>	<u>334,791.46</u>
Undis. Expend.- Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	90,740.00	20,000.00	110,740.00	97,736.55	13,003.45
General Supplies	35,000.00	(20,000.00)	15,000.00	7,561.33	7,438.67
Total Care and Upkeep of Grounds	<u>125,740.00</u>	<u>-</u>	<u>125,740.00</u>	<u>105,297.88</u>	<u>20,442.12</u>
Undist. Expend. - Security					
Salaries	43,700.00	650.00	44,350.00	44,124.58	225.42
Purchased Professional and Technical Services	5,000.00	5,500.00	10,500.00	10,264.23	235.77
General Supplies	23,500.00	(6,150.00)	17,350.00	17,350.00	-
Total Security	<u>72,200.00</u>	<u>-</u>	<u>72,200.00</u>	<u>54,388.81</u>	<u>17,811.19</u>
Total Undistributed Expenditures					
Operations and Maintenance of Plant	<u>2,550,196.69</u>	<u>(3,400.00)</u>	<u>2,546,796.69</u>	<u>2,066,406.23</u>	<u>480,390.46</u>
Undist. Expend. - Student Transportation Serv.					
Sal. for Pupil Trans(Bet. Home & School)-Reg.	236,414.00	(21,600.00)	214,814.00	205,886.36	8,927.64
Sal. for Pup. Trans. (Bet. Home & School) - Spc.	34,000.00	21,600.00	55,600.00	55,508.54	91.46
Sal. for Pupil Trans(Other than Bet. Home & Sch)	65,000.00	40,500.00	105,500.00	90,766.75	14,733.25
Cleaning, Repair and Maint. Services	3,220.00	(1,000.00)	2,220.00	2,220.00	-
Rental Payments - School Buses	192,000.00	(19,000.00)	173,000.00	116,707.50	56,292.50
Contracted Services - (Other than Home & Sch)-Vend	80,000.00	(59,000.00)	21,000.00	20,216.26	783.74
Contr. Serv. - (Bet. Home & School) Joint Agrm.	12,000.00	5,000.00	17,000.00	14,384.00	2,616.00
Contr. Serv. - (Spc Ed. Students) -Vendors	325,000.00	(10,500.00)	314,500.00	262,770.99	51,729.01
Contr. Serv. - Aid in Lieu Payments - NonPublic Sch	14,022.39	-	14,022.39	11,899.53	2,122.86
Supplies & Materials	95,000.00	1,500.00	96,500.00	93,629.72	2,870.28
Transportation Supplies	18,200.00	8,500.00	26,700.00	18,916.90	7,783.10
Total Undistributed Expenditures - Student Transportation Services	<u>1,074,856.39</u>	<u>(34,000.00)</u>	<u>1,040,856.39</u>	<u>890,686.55</u>	<u>150,169.84</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	362,000.00	-	362,000.00	324,025.03	37,974.97
Other Retirement Contributions - PERS	370,000.00	-	370,000.00	289,120.00	80,880.00
Unemployment Compensation	70,000.00	-	70,000.00	53,883.52	16,116.48
Workmen's Compensation	220,600.00	(2,500.00)	218,100.00	208,484.00	9,616.00
Health Benefits	2,883,000.00	(3,000.00)	2,880,000.00	2,864,327.78	15,672.22
Tuition Reimbursement	40,000.00	-	40,000.00	21,175.22	18,824.78
Other Employee Benefits	6,000.00	-	6,000.00	2,457.60	3,542.40
Total Unallocated Benefits	<u>3,951,600.00</u>	<u>(5,500.00)</u>	<u>3,946,100.00</u>	<u>3,763,473.15</u>	<u>182,626.85</u>
On-Behalf TPAF Pension (Non-Budgeted)	-	-	-	729,865.00	(729,865.00)
On-behalf TPAF Postretirement Contributions (Non-Budgeted)	-	-	-	825,294.00	(825,294.00)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	885,099.93	(885,099.93)
Total On-Behalf Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,440,258.93</u>	<u>(2,440,258.93)</u>
Total Personal Services - Employee Benefits	<u>3,951,600.00</u>	<u>(5,500.00)</u>	<u>3,946,100.00</u>	<u>6,203,732.08</u>	<u>(2,257,632.08)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>13,414,049.47</u>	<u>(84,418.73)</u>	<u>13,329,630.74</u>	<u>14,443,572.50</u>	<u>(1,113,941.76)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>25,387,098.08</u>	<u>(9,843.00)</u>	<u>25,377,255.08</u>	<u>26,150,273.44</u>	<u>(773,018.36)</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 9 - 12	\$ 222,900.00	\$ (15,000.00)	\$ 207,900.00	\$ 182,959.75	\$ 24,940.25
Undistributed-Operation & Maint. Of Plant Services		-			-
Total Equipment	<u>222,900.00</u>	<u>(15,000.00)</u>	<u>207,900.00</u>	<u>182,959.75</u>	<u>24,940.25</u>
Undistributed:					
Facilities Acquisition and Construction Services					
Other Objects	46,480.67	-	46,480.67	46,480.67	-
Total Facilities acquisition and Construction Services	<u>46,480.67</u>	<u>-</u>	<u>46,480.67</u>	<u>46,480.67</u>	<u>-</u>
Assets Acquired Under Capital Leases (non-budgeted)					
Undistributed Expenditures:					
Students				241,076.28	(241,076.28)
Total Assets Acquired Under Capital Leases (non-budgeted)	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,076.28</u>	<u>(241,076.28)</u>
TOTAL CAPITAL OUTLAY	<u>269,380.67</u>	<u>(15,000.00)</u>	<u>254,380.67</u>	<u>470,516.70</u>	<u>(216,136.03)</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	25,000.00	-	25,000.00	9,393.75	15,606.25
Total Summer School	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>	<u>9,393.75</u>	<u>15,606.25</u>
TOTAL SPECIAL SCHOOLS	<u>25,000.00</u>	<u>-</u>	<u>25,000.00</u>	<u>9,393.75</u>	<u>15,606.25</u>
Transfer of Funds to Charter Schools	265,000.00	24,843.00	289,843.00	289,843.00	-
TOTAL EXPENDITURES	<u>25,946,478.75</u>	<u>(0.00)</u>	<u>25,946,478.75</u>	<u>26,920,026.89</u>	<u>(973,548.14)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,067,494.75)</u>	<u>0.00</u>	<u>(2,067,494.75)</u>	<u>(535,775.55)</u>	<u>1,530,371.03</u>
Other Financing Sources (Uses):					
Capital Leases (non-budgeted)				241,076.28	241,076.28
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,076.28</u>	<u>241,076.28</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,067,494.75)	0.00	(2,067,494.75)	(294,699.27)	1,771,447.31
Fund Balance July 1	4,345,821.65		4,345,821.65	4,345,821.65	-
Fund Balance June 30	<u>\$ 2,278,326.90</u>	<u>\$ 0.00</u>	<u>\$ 2,278,326.90</u>	<u>\$ 4,051,122.38</u>	<u>\$ 1,771,447.31</u>
Recapitulation of Fund Balance:					
Nonspendable Fund Balance:					
None				\$ -	
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				1,803,713.84	
Excess Surplus - Current Year				1,392,309.48	
Committed Fund Balance:					
None				-	
Assigned Fund Balance:					
Year End Encumbrances				52,892.07	
Designated for Subsequent Year's Expenditures				300,000.16	
Unassigned Fund Balance				<u>502,206.83</u>	
				<u>4,051,122.38</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP Basis				651,098.00	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,400,024.38</u>	

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Education Jobs Fund Program
Budget and Actual
For the Year Ended June 30, 2013

	Total		
	Budgeted	Actual	Variance
EXPENDITURES:			
Instruction -			
Other Salaries for Instruction	\$ 651.00	\$ 8,568.00	\$ (7,917.00)
Total Support Services	<u>651.00</u>	<u>8,568.00</u>	<u>(7,917.00)</u>
Total Expenditures	<u>\$ 651.00</u>	<u>\$ 8,568.00</u>	<u>\$ (7,917.00)</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/ (Over) Final Budget to Actual
REVENUES:					
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	652,669.00		652,669.00	580,572.83	(72,096.17)
Total Revenues	652,669.00	-	652,669.00	580,572.83	(72,096.17)
EXPENDITURES:					
Instruction:					
Personal Services Salaries	166,687.50	(14,051.25)	152,636.25	148,760.63	3,875.62
Purchased Professional Technical Services			-		-
Tuition	289,099.00		289,099.00	252,051.56	37,047.44
General Supplies	63,482.00	10,048.50	73,530.50	73,530.50	-
Total Instruction	519,268.50	(4,002.75)	515,265.75	474,342.69	40,923.06
Support Services:					
Personal Services - Employee Benefits	29,005.00	3,991.50	32,996.50	31,387.50	1,609.00
Purchased Professional Technical Services	28,900.00		28,900.00	45,917.09	(17,017.09)
Purchased Professional Educational Services	21,899.50	0.25	21,899.75	4,336.00	17,563.75
Other Purchased Services (400-500 series)	50,370.00	(11,250.00)	39,120.00	16,080.07	23,039.93
Supplies & Materials	3,226.00	11,261.00	14,487.00	8,509.48	5,977.52
Total Support Services	133,400.50	4,002.75	137,403.25	106,230.14	31,173.11
Total Outflows	652,669.00	-	652,669.00	580,572.83	72,096.17
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Year Ended June 30, 2013

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources / inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 26,384,251.34	[C-2]	\$ 580,572.83
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized:				
Encumbrances at June 30, 2013				(34,627.50)
Encumbrances at June 30, 2012				30,481.41
Final State Aid payment was delayed until July 2013 is recorded as budgetary revenue but is not recognized under GAAP.		(651,098.00)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		615,306.00		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 26,348,459.34</u>	[B-2]	<u>\$ 576,426.74</u>
Uses / outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 26,920,026.89	[C-2]	\$ 580,572.83
Difference for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes:				
Encumbrances at 6/30/13				(34,627.50)
Encumbrances at 6/30/12				30,481.41
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	<u>\$ 26,920,026.89</u>	[B-2]	<u>\$ 576,426.74</u>

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OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specific purposes.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2013

	Title I Part A	Title I Part A Carryover	WIB	I.D.E.A B-Basic Reg. Program	Title II	Title IIA Carryover	Totals 2013
REVENUES:							
State Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	191,514.00	45,014.00	36,721.11	252,051.56	54,742.62	529.54	580,572.83
Total Revenues	191,514.00	45,014.00	36,721.11	252,051.56	54,742.62	529.54	580,572.83
EXPENDITURES:							
Instruction:							
Salaries	131,610.00		17,150.63				148,760.63
Purchased Professional and Technical Services				252,051.56			252,051.56
Tuition							73,530.50
General Supplies	28,516.50	45,014.00					73,530.50
Total Instruction	160,126.50	45,014.00	17,150.63	252,051.56	-	-	474,342.69
Support Services:							
Personal Services - Employee Benefits	31,387.50						31,387.50
Purchased Professional Technical Services					45,917.09		45,917.09
Purchased Professional - Educational Services			4,336.00				4,336.00
Other Purchased Services (400-500 series)			6,725.00		8,825.53	529.54	16,080.07
Supplies & Materials			8,509.48				8,509.48
Total Support Services	31,387.50	-	19,570.48	-	54,742.62	529.54	106,230.14
Total Outflows	191,514.00	45,014.00	36,721.11	252,051.56	54,742.62	529.54	580,572.83
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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CAPITAL PROJECTS FUND
DETAIL STATEMENT

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Summary Schedule of Project Expenditures
For the Year Ended June 30, 2013

Project Title/Issue	Date	Original Appropriations	GAAP Expenditures to Date		Unexpended Balance June 30, 2013
			Prior Years	Current Years	
Issuance of Bonds which were issued to construct additional classrooms and renovations to existing building	2000	2,130,000.00	2,117,401.15	\$	12,598.85
Issuance of Bonds which were issued to for improvements and renovations to and furnishings and equipment for the School District including installation of Solar Panels	2009	40,415,000.00	35,359,675.10	3,192,049.30	1,863,275.60
		<u>\$ 42,545,000.00</u>	<u>\$ 37,477,076.25</u>	<u>\$ 3,192,049.30</u>	<u>\$ 1,875,874.45</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Summary Schedule of Project Revenues, Expenditures, and
Changes in Fund Balance - Budgetary Basis
For the Year Ended June 30, 2013

Revenues and Other Financing Sources:

State Sources - SCC Grant	\$	-
Bond Proceeds and Transfers		-
Contribution from Private Sources		-
Transfer from Capital Reserve		-
Transfer from Capital Outlay		-
		<hr/>
Total Revenues		<hr/> <hr/> -

Expenditures and Other Financing Uses:

Salaries		-
Purchased Professional and Technical Services		357,194.00
Construction Services		2,834,855.30
Equipment Purchases		-
Capitalized Interest		-
		<hr/>
Total Expenditures		<hr/> <hr/> 3,192,049.30
Excess (deficiency) of revenues over (under) expenditures		(3,192,049.30)
Fund balance - beginning		5,067,923.75
Fund balance - ending	\$	<hr/> <hr/> 1,875,874.45

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Additional Classrooms and Renovations to Existing Building
From Inception and for the Year Ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond Proceeds and Transfers	10,630,000.00		10,630,000.00	10,630,000.00
Contribution from Private Sources			-	
Transfer from Capital Reserve			-	
Transfer from Capital Outlay			-	
Total Revenues	<u>10,630,000.00</u>	<u>-</u>	<u>10,630,000.00</u>	<u>10,630,000.00</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	1,084,626.16		1,084,626.16	813,137.57
Construction Services	9,193,231.80		9,193,231.80	8,758,573.81
Equipment Purchases	339,543.19		339,543.19	1,058,288.62
Total Expenditures	<u>10,617,401.15</u>	<u>-</u>	<u>10,617,401.15</u>	<u>10,630,000.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 12,598.85</u>	<u>\$ -</u>	<u>\$ 12,598.85</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/20/1999
Bonds Authorized	\$ 10,630,000.00
Bonds Issued	10,630,000.00
Original Authorized Cost	10,630,000.00
Additional Authorized Cost	
Revised Authorized Cost	10,630,000.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	Sept.-02
Revised Target Completion Date	Sept.-02

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Capital Projects Funds
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Cost of Improvements and renovations to and Furnishings and equipment for
the School District Including Installation of Solar Panels
From Inception and for the Year Ended June 30, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources - SCC Grant	\$	\$	\$ -	\$
Bond Proceeds and Transfers	40,415,000.00		40,415,000.00	40,415,253.00
Contribution from Private Sources			-	
Transfer from Capital Reserve			-	
Transfer from Capital Outlay			-	
Total Revenues	<u>40,415,000.00</u>	<u>-</u>	<u>40,415,000.00</u>	<u>40,415,253.00</u>
Expenditures and Other Financing Uses:				
Salaries	8,886.90		8,886.90	10,000.00
Purchased Professional and Technical Services	3,581,795.48	357,194.00	3,938,989.48	4,288,889.74
Construction Services	29,409,596.11	2,834,855.30	32,244,451.41	33,061,128.97
Equipment Purchases	1,474,287.22		1,474,287.22	2,595,558.29
Capitalized Interest	885,109.39		885,109.39	-
Contingency				459,676.00
Total Expenditures	<u>35,359,675.10</u>	<u>3,192,049.30</u>	<u>38,551,724.40</u>	<u>40,415,253.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,055,324.90</u>	<u>\$ (3,192,049.30)</u>	<u>\$ 1,863,275.60</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/20/1999
Bonds Authorized	\$ 40,415,253.00
Bonds Issued	40,415,000.00
Original Authorized Cost	40,415,253.00
Additional Authorized Cost	
Revised Authorized Cost	40,415,253.00
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	99.00%
Original Target Completion Date	Sept.-11
Revised Target Completion Date	Mar.-14

PROPRIETARY FUNDS – DETAILED STATEMENTS

Food Service Fund - This fund provides for the operation of food services in all schools within the school district.

Aquatic Center Fund - This fund provides for the operation of the swimming pool within the school district.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Non-Major Proprietary Funds
Combining Statement of Net Position
June 30, 2013

	Non-Major Business-Type Activities - Enterprise Fund	
	Aquatic Center	Total Non-Major Funds (See B-4)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 61,369.45	\$ 61,369.45
Total Current Assets	61,369.45	61,369.45
Total Assets	\$ 61,369.45	\$ 61,369.45
LIABILITIES		
Current Liabilities:		
Interfunds Payable	\$ 63,203.05	\$ 63,203.05
Total Current Liabilities	63,203.05	63,203.05
NET POSITION		
Unrestricted	(1,833.60)	(1,833.60)
Total Net Position	\$ (1,833.60)	\$ (1,833.60)

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Non-Major Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2013

	Non-Major Business-Type Activities - Enterprise Fund	
	Aquatic Center	Totals Non-Major Funds (See B-5)
Operating Revenue:		
Charges for Service:		
Membership and Lesson Fees	27,362.15	27,362.15
Miscellaneous	6,375.00	6,375.00
Total Operating Revenue	<u>33,737.15</u>	<u>33,737.15</u>
Operating Expenses:		
Salaries	35,937.47	35,937.47
Employee Benefits	2,749.19	2,749.19
Total Operating Expenses	<u>38,686.66</u>	<u>38,686.66</u>
Operating Income (Loss)	<u>(4,949.51)</u>	<u>(4,949.51)</u>
Nonoperating Revenues (expenses):		
Interest and Investment Income	235.71	235.71
Total Nonoperating Revenues (expenses)	<u>235.71</u>	<u>235.71</u>
Changes in Net Position	(4,713.80)	(4,713.80)
Total Net Position - Beginning	2,880.20	2,880.20
Total Net Position - Ending	<u>(1,833.60)</u>	<u>(1,833.60)</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Non-Major Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2013

	Non Major Business-Type Activities - Enterprise Fund	
	Aquatic Center	Total Non-Major Funds (See B-6)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Other Income	\$ 33,737.15	\$ 33,737.15
Payments to Employees	(35,937.47)	(35,937.47)
Payments for Employee Benefits	(2,749.19)	(2,749.19)
Payments for Supplies and Services		-
Net Cash Provided by (Used for) Operating Activities	(4,949.51)	(4,949.51)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers from/(to) Other Funds	38,686.66	38,686.66
Net Cash Provided by (Used for) Noncapital Financing Activities	38,686.66	38,686.66
CASH FLOW FROM INVESTING ACTIVITIES		
Interest and Dividends	235.71	235.71
Net Cash Provided by (Used for) Investing Activities	235.71	235.71
Net Increase (Decrease) in Cash and Cash Equivalents	33,972.86	33,972.86
Balance - Beginning of Year	27,396.59	27,396.59
Balance - End of Year	\$ 61,369.45	\$ 61,369.45
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (4,949.51)	\$ (4,949.51)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities	-	-
Total Adjustments	-	-
Net Cash Provided by (Used for) Operating Activities	\$ (4,949.51)	\$ (4,949.51)

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FIDUCIARY FUNDS
DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Scholarship Fund – This is a nonexpendable trust fund in which expenses are limited to the amounts earned on the trust principal.

Unemployment Fund – This is an expendable trust fund used to pay unemployment compensation insurance claims.

Memorial Fund – This is an expendable trust fund used to provide assistance to the families of students who died in an accident.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments, and/or other funds.

Student Activity Fund – This agency fund is used to account for student funds held at the school.

Payroll Fund – This agency fund is used to account for the payroll transactions of the school district.

Athletic Fund – This agency fund is used to account for student funds held at the school.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2013

	Private Purpose Trust	Memorial Trust	Agency Funds	Totals
ASSETS				
Cash and Cash Equivalents	\$ 94,635.57	\$ 2,670.25	\$ 294,271.57	\$ 391,577.39
Due from Employees			39.27	39.27
Total Assets	94,635.57	2,670.25	294,310.84	391,616.66
LIABILITIES				
Payable to District	4,500.00		24,185.77	28,685.77
Payroll Deductions & Withholdings			79.59	79.59
Payable to Student Groups			270,045.48	270,045.48
Total Liabilities	4,500.00	-	294,310.84	298,810.84
Net Position				
Reserve for Scholarships	\$ 90,135.57			90,135.57
Reserve for Memorial Trust		2,670.25		2,670.25
Total Net Position				92,805.82
Total Liabilities and Net Position				\$ 391,616.66

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Private Purpose Trust	Memorial Trust	Totals
ADDITIONS			
Contributions:			
Other	\$ 3,948.40	\$	\$ 3,948.40
Total Contributions	<u>3,948.40</u>	<u>-</u>	<u>3,948.40</u>
Investments Earnings:			
Interest	608.48	15.95	624.43
Net Investment Earnings	<u>608.48</u>	<u>15.95</u>	<u>624.43</u>
Total Additions	<u>4,556.88</u>	<u>15.95</u>	<u>4,572.83</u>
Deductions			
Memorial Trust Disbursements			-
Scholarships Awarded	6,606.00	831.25	7,437.25
Paid to General Fund			-
Total Deductions	<u>6,606.00</u>	<u>831.25</u>	<u>7,437.25</u>
Change in Net Position	(2,049.12)	(815.30)	(2,864.42)
Net Position - Beginning of the Year	\$ <u>92,184.69</u>	<u>3,485.55</u>	<u>95,670.24</u>
Net Position - End of the Year	\$ <u><u>90,135.57</u></u>	\$ <u><u>2,670.25</u></u>	<u><u>92,805.82</u></u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Mainland Regional High School:				
Student Activity Account	\$ 283,924.29	\$ 277,733.54	297,480.23	\$ 264,177.60
Athletic Account	(4,994.24)	79,960.12	69,098.00	5,867.88
Payable to District	22,102.54	61.89	67.00	22,097.43
Total Assets	\$ <u>301,032.59</u>	\$ <u>357,755.55</u>	\$ <u>366,645.23</u>	\$ <u>292,142.91</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
As of June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS:				
Cash and Cash Equivalents	\$ 2,288.10	\$ 17,489,415.68	17,489,575.12	\$ 2,128.66
Due from Employee	39.27	-	-	39.27
Total Assets	\$ 2,327.37	\$ 17,489,415.68	\$ 17,489,575.12	\$ 2,167.93
 LIABILITIES:				
Payroll Deductions & Withholding	\$ 79.59	\$ 7,219,770.78	7,219,770.78	\$ 79.59
Net Payroll	-	10,268,458.73	10,268,458.73	-
Payable to District	2,247.78	1,186.17	1,345.61	2,088.34
Total Liabilities	\$ 2,327.37	\$ 17,489,415.68	\$ 17,489,575.12	\$ 2,167.93

LONG-TERM DEBT SCHEDULES

The long-term schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2013

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance June 30, 2012	Increased	Decreased	Balance June 30, 2013
			Date	Amount	Interest Rate	June 30, 2013				
Refunding Bonds - ERIP	4/1/2003 \$	2,585,000.00	4/1/2014	125,000.00	4.950%	\$		\$	1,575,000.00	
			4/1/2015	130,000.00	5.050%					
			4/1/2016	135,000.00	5.100%					
			4/1/2017	145,000.00	5.300%					
			4/1/2018	150,000.00	5.600%					
			4/1/2019	160,000.00	5.600%					
			4/1/2020	170,000.00	5.700%					
			4/1/2021	175,000.00	5.700%					
			4/1/2022	185,000.00	5.800%					
			4/1/2023	200,000.00	5.800%					
Refunding Bonds - Series 2005	6/1/2005 \$	8,125,000.00	8/1/2013	705,000.00	3.500%			685,000.00	5,925,000.00	
			8/1/2014	735,000.00	3.400%					
			8/1/2015	760,000.00	4.250%					
			8/1/2016	765,000.00	3.500%					
			8/1/2017	780,000.00	3.625%					
			8/1/2018	785,000.00	3.750%					
			8/1/2019	785,000.00	4.000%					
		8/1/2020	610,000.00	4.000%						

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2013

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Balance June 30, 2012	Increased	Decreased	Balance June 30, 2013
			Date	June 30, 2013	Amount	Interest Rate				
General Obligation Bonds - Series A	10/15/2009	\$ 11,770,000.00	10/15/2013	1,100,000.00	2.000%	\$ 9,705,000.00	\$	1,070,000.00	\$ 8,635,000.00	
			10/15/2014	1,130,000.00	2.250%					
			10/15/2015	1,165,000.00	2.250%					
			10/15/2016	1,220,000.00	2.500%					
			10/15/2017	1,275,000.00	2.625%					
			10/15/2018	1,335,000.00	2.750%					
			10/15/2019	1,410,000.00	2.750%					
General Obligation Bonds - Series B	10/15/2009	\$ 28,645,000.00	10/15/2020	1,675,000.00	4.600%	28,645,000.00			28,645,000.00	
			10/15/2021	2,360,000.00	4.625%					
			10/15/2022	2,450,000.00	4.750%					
			10/15/2023	2,760,000.00	4.875%					
			10/15/2024	2,885,000.00	5.125%					
			10/15/2025	3,015,000.00	5.375%					
			10/15/2026	3,150,000.00	5.375%					
			10/15/2027	3,290,000.00	5.500%					
			10/15/2028	3,450,000.00	5.625%					
			10/15/2029	3,610,000.00	5.625%					
						\$ 46,655,000.00	\$ -	\$ 1,875,000.00	\$ 44,780,000.00	

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2013

Description	Amount of Original Issue	Balance July 1, 2012	Issued Current Year	Retired Current Year	Balance June 30, 2013
Technology Equipment	101,643.31	32,114.70		22,370.60	9,744.10
Technology Equipment	23,218.00	7,746.27		5,082.39	2,663.88
World Language Lab	158,032.60	47,107.00		34,957.95	12,149.05
TV Studio Equipment	241,076.28		241,076.28	53,943.20	187,133.08
		\$ <u>86,967.97</u>	\$ <u>241,076.28</u>	\$ <u>116,354.14</u>	\$ <u>211,690.11</u>

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,379,545.00	\$ -	\$ 2,379,545.00	\$ 2,379,545.00	\$ -
State Sources:					
Debt Service Aid Type II	1,016,447.00	-	1,016,447.00	1,016,447.00	-
Total - State Sources	1,016,447.00	-	1,016,447.00	1,016,447.00	-
Total Revenues	3,395,992.00	-	3,395,992.00	3,395,992.00	-
EXPENDITURES:					
Regular Debt Service:					
Interest on Early Retirement Bonds	92,438.00	-	92,438.00	91,397.50	1,040.50
Redemption of Principal - Early Retirement Bonds	120,000.00	-	120,000.00	120,000.00	-
Interest	1,428,554.00	-	1,428,554.00	1,428,553.43	0.57
Redemption of Principal	1,755,000.00	-	1,755,000.00	1,755,000.00	-
Total Regular Debt Service	3,395,992.00	-	3,395,992.00	3,394,950.93	1,041.07
Total Expenditures	3,395,992.00	-	3,395,992.00	3,394,950.93	1,041.07
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1,041.07	1,041.07
Fund Balance, July 1	1,040.32	\$ -	\$ 1,040.32	\$ 1,040.32	-
Fund Balance, June 30	\$ <u>1,040.32</u>	\$ <u>-</u>	\$ <u>1,040.32</u>	\$ <u>2,081.39</u>	\$ <u>1,041.07</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance	\$ _____	\$ _____	\$ _____	\$ <u>1,041.07</u>	\$ <u>1,041.07</u>

STATISTICAL SECTION

**Mainland Regional High School District
Net Position by Component,
Last Ten Fiscal Years**
(accrual basis of accounting)

	Fiscal Year Ending June 30, 2013									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets	\$ (2,342,358.18)	\$ (2,632,577.07)	\$ (2,552,384.51)	\$ (2,786,843.08)	\$ (2,175,968.11)	\$ (1,451,563.93)	\$ (34,105,038.24)	\$ (17,412,005.21)	\$ (2,918,936.75)	\$ 1,188,703.93
Restricted	538,986.46	915,058.28	1,257,437.79	1,192,305.86	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34	5,016,739.30
Unrestricted	(1,874,278.87)	(1,361,861.18)	(1,597,271.40)	(1,617,204.95)	(1,407,423.93)	80,534.27	(2,193,072.55)	(694,666.09)	(3,072,315.22)	(2,554,231.67)
Total governmental activities net position	\$ (3,677,650.59)	\$ (3,079,379.97)	\$ (2,892,218.12)	\$ (3,211,742.17)	\$ (2,283,241.88)	\$ (1,511,943.15)	\$ (2,446,939.00)	\$ 860,130.26	\$ 2,947,880.37	\$ -3,665,121.56
Business-type activities										
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,409.74	\$ 52,544.38	\$ 53,577.98	\$ 50,582.18	\$ 42,634.21
Restricted	371,985.58	462,885.54	385,116.30	361,289.76	337,270.06	277,391.59	244,389.22	82,334.07	(101,110.95)	(261,300.13)
Unrestricted	(371,985.58)	(462,885.54)	(385,116.30)	(361,289.76)	(337,270.06)	(317,801.33)	(296,933.60)	(135,912.05)	(50,528.77)	(218,665.92)
Total business-type activities net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,409.74	\$ 52,544.38	\$ 53,577.98	\$ 50,582.18	\$ 42,634.21
District-wide										
Invested in capital assets	\$ (2,342,358.18)	\$ (2,632,577.07)	\$ (2,552,384.51)	\$ (2,786,843.08)	\$ (2,175,968.11)	\$ (1,411,154.19)	\$ (34,052,493.86)	\$ (17,358,427.23)	\$ (2,868,354.57)	\$ 1,231,338.14
Restricted	538,986.46	915,058.28	1,257,437.79	1,192,305.86	1,300,150.16	(140,913.49)	33,851,171.79	18,966,801.56	8,939,132.34	5,016,739.30
Unrestricted	(1,502,293.29)	(898,975.64)	(1,202,155.10)	(1,255,915.19)	(1,070,153.87)	357,925.86	(1,948,682.33)	(612,332.02)	(3,173,426.17)	(2,815,531.80)
Total district net position	\$ (3,306,665.01)	\$ (2,616,494.43)	\$ (2,497,101.82)	\$ (2,850,452.41)	\$ (1,945,971.82)	\$ (1,194,141.82)	\$ (2,150,005.40)	\$ 996,042.31	\$ -2,897,351.60	\$ -3,432,545.64

Source: CAFR Schedule A-1

Mainland Regional High School District
Changes in Net position
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

Fiscal Year Ending June 30, 2013

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Instruction:										
Regular	\$ 9,697,888.08	\$ 9,798,955.20	\$ 10,267,409.99	\$ 11,032,137.81	\$ 10,900,281.86	\$ 11,065,093.09	\$ 11,627,356.95	\$ 11,202,128.29	\$ 11,866,690.24	\$ 12,692,152.06
Special education	1,286,198.02	1,519,730.01	1,441,526.78	1,575,135.94	1,899,094.75	2,307,643.15	2,309,311.12	2,456,514.79	2,361,672.50	2,852,233.76
Other special education	979,777.07	978,629.69	1,009,934.97	1,135,963.95	1,122,333.58	1,148,605.25	1,223,794.71	1,243,807.37	1,317,115.49	1,467,084.67
Support Services:										
Tuition	375,481.98	373,992.57	763,513.41	732,704.93	945,717.20	1,354,606.71	1,436,041.95	1,297,083.72	1,256,855.02	1,323,836.31
Student & instruction related services	2,495,523.90	2,393,116.82	2,732,715.36	2,934,094.11	3,019,422.90	3,242,791.74	3,361,749.67	3,276,997.52	3,226,566.80	3,535,948.86
School administrative services	434,583.42	607,915.91	605,941.90	673,811.62	768,328.92	814,543.83	840,067.64	837,680.58	898,389.38	864,152.59
Business administrative services	947,723.36	1,020,870.32	969,451.59	1,063,096.21	1,170,714.44	975,469.80	1,001,857.31	982,383.09	990,316.75	1,051,377.20
Plant operations and maintenance	2,166,340.61	1,692,383.51	2,532,430.53	3,345,460.08	2,538,983.74	2,483,363.92	2,704,665.60	2,363,146.55	2,563,608.57	2,622,138.80
Pupil transportation	505,932.67	527,069.90	693,156.84	726,430.36	881,283.52	884,576.27	973,531.86	908,215.15	884,864.07	1,040,909.30
Special schools	60,759.52	81,083.24	53,735.29	99,942.01	51,014.08	76,416.41	29,500.38	17,954.16	16,422.00	13,400.88
Charter Schools	216,100.00	181,456.36	211,063.00	246,617.00	252,375.00	269,518.00	223,201.00	173,375.00	155,991.00	289,843.00
Interest on long-term debt	666,574.01	586,845.84	487,344.30	487,344.30	479,991.86	450,388.82	864,371.19	1,476,419.72	1,661,304.10	1,507,582.29
Unallocated depreciation	608,982.23	395,762.08	298,675.21	440,509.11	217,564.80	227,789.39	241,083.43	243,574.58	209,958.40	-
Total governmental activities expenses	\$ 20,351,865.77	\$ 20,157,017.45	\$ 22,060,860.03	\$ 24,493,237.03	\$ 24,247,106.75	\$ 25,300,796.38	\$ 26,836,532.81	\$ 26,481,079.52	\$ 27,409,754.32	\$ 29,157,659.92
Business-type activities:										
Food service	1,382,804.59	1,397,177.98	1,499,190.74	1,287,744.24	1,263,760.28	1,352,514.43	1,303,792.74	1,265,160.17	1,272,653.63	\$ 1,265,994.74
Aquatic Center	42,125.86	46,751.88	75,240.20	62,601.55	58,318.76	75,595.63	79,711.43	73,409.97	53,151.79	38,686.66
Total business-type activities expenses	\$ 1,424,930.45	\$ 1,443,929.86	\$ 1,574,430.94	\$ 1,350,345.79	\$ 1,312,079.04	\$ 1,428,110.06	\$ 1,383,504.17	\$ 1,338,570.14	\$ 1,325,805.42	\$ 1,304,681.40
Total district expenses	\$ 21,776,796.22	\$ 21,600,947.31	\$ 23,635,290.97	\$ 25,843,582.82	\$ 25,559,185.79	\$ 26,728,906.44	\$ 28,220,036.98	\$ 27,819,649.66	\$ 28,735,539.74	\$ 30,462,341.32
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	\$ -	\$ 104,578.43	\$ 108,988.44	\$ 134,725.00	\$ 117,055.00	\$ 68,000.00	\$ 72,929.37	\$ 98,090.15	\$ 53,474.22
Pupil transportation	45,929.71	58,889.52	36,496.08	52,579.64	39,798.13	103,189.38	30,771.20	850.00	22,450.00	55,426.11
Business and other support services	2,963,264.37	2,664,694.49	3,029,471.31	3,696,411.93	3,754,303.79	3,644,345.30	3,526,094.32	3,661,072.15	3,789,683.93	4,435,022.59
Plant Operation and Maintenance	4,585.60	-	-	-	-	-	-	-	-	-
Operating grants and contributions	3,013,779.68	2,723,584.01	3,170,545.82	3,860,980.01	3,928,826.92	3,864,589.68	3,624,855.52	3,734,851.52	3,810,224.08	4,543,922.92
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	\$ 1,487,671.48	\$ 4,231,464.53	\$ 4,661,449.51	\$ 5,152,143.60	\$ 5,205,114.23	\$ 5,269,317.06	\$ 4,965,246.77	\$ 4,912,959.16	\$ 5,048,542.39	\$ 5,679,834.34
Business-type activities:										
Charges for services:										
Food service	1,046,208.21	1,037,510.92	1,011,358.65	850,704.64	812,030.67	823,382.89	705,286.04	588,542.26	467,155.80	455,081.06
Aquatic Center	57,810.45	67,565.00	54,907.90	59,720.25	60,193.88	64,149.50	61,629.17	47,163.00	38,008.00	33,737.15
Operating grants and contributions	383,652.82	402,804.60	424,337.14	380,738.70	404,062.66	517,194.99	593,576.04	542,402.38	633,154.51	647,083.21
Capital grants and contributions	1,487,671.48	1,507,880.52	1,490,603.69	1,291,163.59	1,276,287.31	1,404,727.38	1,360,491.25	1,178,107.64	1,138,318.31	1,135,911.42
Total business-type activities program revenue	\$ 4,501,451.16	\$ 4,231,464.53	\$ 4,661,449.51	\$ 5,152,143.60	\$ 5,205,114.23	\$ 5,269,317.06	\$ 4,965,246.77	\$ 4,912,959.16	\$ 5,048,542.39	\$ 5,679,834.34

Mainland Regional High School District
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30, 2013									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental activities	\$ (17,338,086.09)	\$ (17,433,433.44)	\$ (18,890,314.21)	\$ (20,632,257.02)	\$ (20,318,279.83)	\$ (21,436,206.70)	\$ (23,211,877.29)	\$ (22,746,228.00)	\$ (23,499,530.24)	\$ (24,613,737.00)
Business-type activities	62,741.03	63,950.66	(83,827.25)	(69,182.20)	(95,791.73)	(23,982.68)	(23,012.82)	(160,462.50)	(187,487.11)	(165,769.98)
Total district-wide net expense	<u>(17,275,345.06)</u>	<u>(17,369,482.78)</u>	<u>(18,974,141.46)</u>	<u>(20,891,439.22)</u>	<u>(20,354,071.56)</u>	<u>(21,459,589.38)</u>	<u>(23,224,890.21)</u>	<u>(22,906,690.50)</u>	<u>(23,687,017.35)</u>	<u>(24,779,506.98)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,585,538.99	\$ 12,770,658.58	\$ 12,977,510.00	\$ 13,953,238.00	\$ 14,376,039.00	\$ 14,898,251.00	\$ 15,394,180.98	\$ 16,440,773.00	\$ 16,066,746.00	\$ 16,386,081.00
Taxes levied for debt service	-	-	504,318.00	785,123.00	688,192.00	750,428.00	752,148.01	2,618,852.00	1,881,549.00	2,379,545.00
Unrestricted grants and contributions	5,268,647.57	5,101,716.08	5,330,892.12	5,274,325.03	5,521,125.95	6,448,492.92	5,808,529.68	6,488,913.81	6,896,123.03	6,863,563.74
Payments in lieu of taxes	-	-	-	-	-	-	(1,153.83)	(25.86)	-	-
Gain (Loss) on Disposal of Capital Assets	58,295.59	73,516.49	(7,481.62)	(2,084.37)	232,762.43	52,468.70	224,178.42	172,450.26	64,986.86	24,531.05
Investment earnings	86,003.92	85,610.91	129,489.63	146,212.22	139,891.67	57,864.81	98,797.18	328,852.05	697,875.46	121,234.37
Miscellaneous income	-	-	142,747.93	155,919.09	88,769.07	88,769.07	98,797.18	98,797.18	697,875.46	121,234.37
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>16,998,486.07</u>	<u>18,031,704.06</u>	<u>19,077,476.06</u>	<u>20,312,732.97</u>	<u>21,246,780.12</u>	<u>22,207,506.43</u>	<u>22,276,681.44</u>	<u>26,049,815.26</u>	<u>25,687,280.35</u>	<u>25,776,955.16</u>
Business-type activities:										
Investment earnings	5,035.92	7,979.02	16,058.01	25,355.66	11,772.03	3,913.95	2,145.19	1,164.61	1,046.29	632.83
Gain on Disposal of Capital Assets	-	-	18,970.28	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>5,035.92</u>	<u>7,979.02</u>	<u>18,970.28</u>	<u>25,355.66</u>	<u>11,772.03</u>	<u>3,913.95</u>	<u>2,145.19</u>	<u>1,164.61</u>	<u>1,046.29</u>	<u>632.83</u>
Total district-wide	<u>17,003,521.99</u>	<u>18,039,683.08</u>	<u>19,112,504.35</u>	<u>20,338,088.63</u>	<u>21,258,552.15</u>	<u>22,211,419.38</u>	<u>22,278,826.63</u>	<u>26,050,979.87</u>	<u>25,688,326.64</u>	<u>25,777,587.99</u>
Changes in Net Position										
Governmental activities	\$ (339,600.02)	\$ 598,270.62	\$ 187,161.85	\$ (319,524.05)	\$ 928,500.29	\$ 771,298.73	\$ (934,895.85)	\$ 3,303,587.26	\$ 2,087,750.11	\$ 1,163,218.16
Business-type activities	67,776.95	71,929.68	(48,796.96)	(33,826.54)	(24,013.70)	(19,468.73)	(20,867.73)	(159,537.89)	(186,440.82)	(168,137.15)
Total district	<u>(271,823.07)</u>	<u>670,200.30</u>	<u>138,364.89</u>	<u>(353,350.59)</u>	<u>894,486.59</u>	<u>751,830.00</u>	<u>(955,853.58)</u>	<u>3,144,228.37</u>	<u>1,901,309.29</u>	<u>995,081.01</u>

Source: CAFR Schedule A-2

Mainland Regional High School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30, 2013									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Restricted										
Committed										
Assigned										
Unassigned										
Reserved										
Unreserved										
Total general fund	\$ 680,310.15	\$ 991,329.82	\$ 1,430,834.41	\$ 1,345,674.14	\$ 1,450,040.44	\$ 1,654,662.20	\$ 1,550,328.39	\$ 586,523.02	\$ 311,642.51	\$ 352,892.23
	\$ 1,132,597.16	\$ 819,088.83	\$ 583,252.56	\$ 511,396.83	\$ 568,796.07	\$ 404,537.47	\$ (204,434.64)	\$ 102,403.23	\$ (140,892.94)	\$ (148,891.17)
	\$ 1,812,907.31	\$ 1,810,418.65	\$ 2,014,086.97	\$ 1,857,070.97	\$ 2,018,836.51	\$ 2,059,199.67	\$ 1,345,893.75	\$ 2,765,613.35	\$ 3,730,515.65	\$ 3,400,024.38
All Other Governmental Funds										
Restricted										
Committed										
Assigned										
Unassigned										
Reserved										
Unreserved, reported in:										
Special revenue fund	(1,872.75)	(1,872.85)	(1,872.85)	(1,872.85)	(1,872.85)	-	-	-	-	-
Capital projects fund	10,719.85	10,719.85	12,598.85	12,598.85	12,598.85	12,598.85	32,902,219.67	-	-	-
Debt service fund	67,980.36	69,263.97	28,098.91	30,378.19	6,428.84	3,824.34	1,997.10	-	-	-
Permanent fund										
Total all other governmental funds	\$ 76,827.46	\$ 78,110.97	\$ 38,824.91	\$ 41,104.19	\$ 17,155.84	\$ 16,423.19	\$ 32,904,216.77	\$ 16,746,553.95	\$ 5,068,964.07	\$ 1,877,955.84

Source: CAFR Schedule B-1

Mainland Regional High School
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

Exhibit J-4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 11,585,539	\$ 12,419,215	\$ 13,481,828	\$ 14,738,361	\$ 15,264,231	\$ 15,648,679	\$ 16,146,330	\$ 19,059,625	\$ 17,928,295	\$ 18,767,626
Transportation Fees from Other LEAs	-	-	104,578	109,988	134,725	117,055	68,000	72,930	98,090	53,474
Miscellaneous	190,229	218,017	308,734	354,711	268,459	213,523	353,747	502,152	785,312	201,192
State sources	7,920,399	7,767,981	7,997,236	8,616,938	8,911,622	9,600,867	7,429,965	9,583,745	9,846,760	10,679,431
Federal sources	316,099	350,175	363,127	355,799	363,808	491,971	1,904,649	566,241	839,047	619,155
Total revenue	20,012,266	20,755,288	22,255,504	24,175,797	24,942,845	26,072,095	25,902,691	29,784,693	29,497,504	30,320,876
Expenditures										
Instruction:										
Regular instruction	7,443,306	7,827,764	7,982,303	8,317,437	8,226,303	8,473,146	8,990,415	8,541,159	8,980,479	9,082,236
Special education instruction	986,140	1,189,879	1,105,830	1,174,394	1,407,316	1,737,973	1,747,012	1,845,926	1,765,221	2,019,817
Other instruction	787,194	800,908	810,770	892,932	882,316	912,341	976,033	982,780	1,034,913	1,101,470
Support Services:										
Tuition	375,482	373,993	763,513	732,705	945,717	1,354,607	1,436,042	1,297,084	1,256,855	1,323,836
Student & instruction related services	1,962,675	1,910,953	2,141,399	2,229,828	2,298,039	2,520,448	2,630,038	2,580,351	2,500,032	2,595,778
School administrative services	385,978	489,842	479,382	499,358	594,396	633,759	656,868	647,208	662,979	633,051
Business administrative services	752,804	875,045	806,366	920,242	955,249	901,086	824,534	801,591	801,620	809,687
Plant operations and maintenance	1,685,849	1,797,522	1,963,648	1,993,085	2,271,938	2,152,642	2,107,016	1,963,637	2,111,873	2,066,406
Pupil transportation	496,670	494,246	637,216	644,912	791,954	803,822	881,369	803,836	879,448	890,687
Unallocated employee benefits	3,602,251	3,508,234	3,932,964	4,865,598	4,966,780	4,799,414	4,830,008	4,793,238	5,285,569	6,203,732
Special schools	46,038	63,185	41,083	74,066	51,014	57,297	22,241	13,433	12,195	9,394
Charter Schools	216,100	181,456	211,063	246,617	252,375	269,518	223,201	173,375	155,991	289,843
Capital outlay	325,041	104,384	280,020	998,374	157,826	271,604	7,961,126	16,688,797	11,374,712	3,662,566
Debt service:										
Principal	490,000	495,000	515,000	560,000	605,000	700,000	735,000	1,775,000	1,820,000	1,875,000
Interest and other charges	666,163	644,083	420,566	501,998	473,804	442,808	408,676	1,615,221	1,568,305	1,519,951
Total Expenditures	20,221,690	20,756,493	22,091,121	24,651,546	24,880,027	26,032,465	34,429,579	44,522,636	40,210,192	34,083,454
Excess (Deficiency) of revenues over (under) expenditures	(209,424)	(1,205)	164,382	(475,749)	62,818	39,630	(8,526,888)	(14,737,943)	(10,712,688)	(3,762,576)
Other Financing Sources (Uses),										
Capital Leases (non budgeted)	92,389		75,000	321,012	75,000	282,894	282,894			241,076
Other Financing Sources - Bond Principal							40,415,000			
Total other financing sources (uses)	92,389	-	75,000	321,012	75,000	-	40,697,894	-	-	241,076
Net change in fund balances	\$ (117,035)	\$ (1,205)	\$ 164,382	\$ (154,737)	\$ 137,818	\$ 39,630	\$ 32,171,006	\$ (14,737,943)	\$ (10,712,688)	\$ (3,521,500)
Debt service as a percentage of noncapital expenditures	5.81%	5.52%	4.29%	4.49%	4.36%	4.44%	4.32%	12.18%	11.75%	11.16%

Source: CAFR Schedule B-2

Exhibit J-5

Mainland Regional High School
 General Fund Other Local Revenue by Source,
 Last Ten Fiscal Years
 Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Clean Energy Credits	Rentals	Transportation	Miscellaneous	Totals
2004	57,702.06	-	45,929.71	-	86,003.92	189,635.69
2005	72,233.38	-	58,889.52	-	85,610.91	216,733.81
2006	126,806.87	-	36,496.08	104,578.43	142,747.93	410,629.31
2007	142,649.43	-	52,579.64		155,919.09	351,148.16
2008	139,891.67	-	39,798.13		88,769.07	268,458.87
2009	52,468.70	-	103,189.38		57,864.81	213,522.89
2010	224,178.42	-	30,771.20		102,279.18	357,228.80
2011	172,450.26	-	850.00		328,852.05	502,152.31
2012	64,986.86	519,560.00	22,450.00		178,315.14	785,312.00
2013	24,531.00	50,000.00	55,426.00		71,235.00	201,192.00

Source: Prior Year CAFRA Reports

Mainland Regional High School
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	Estimated County Equalized Value
Linwood													
2004	13,670,100	641,868,500	978,800	38,100	90,914,600	-	-	747,470,100	-	1,040,222	748,510,322	0.572	98%
2005	15,595,700	645,565,600	749,400	34,600	88,700,700	-	-	750,646,000	-	899,247	751,545,247	0.595	87%
2006	14,466,400	655,207,300	749,400	34,600	87,872,600	-	-	758,330,300	-	705,535	759,035,835	0.607	75%
2007	14,714,500	666,666,400	749,400	34,600	90,209,200	-	-	772,374,100	-	649,680	773,023,780	0.610	66%
2008	14,566,200	674,167,700	749,400	34,600	88,426,600	-	-	777,944,500	-	640,011	778,584,511	0.620	62%
2009	14,640,900	676,693,900	749,400	34,600	87,663,100	-	-	779,781,900	-	664,394	780,446,294	0.647	62%
2010	14,155,200	683,099,000	749,400	34,600	86,453,100	-	-	784,491,300	-	653,040	785,144,340	0.733	62%
2011	14,266,300	679,556,600	749,400	34,600	97,700,800	-	-	792,307,700	-	653,040	792,960,740	0.776	65%
2012	14,045,800	677,447,400	749,400	34,600	96,181,000	-	-	788,458,200	-	584,044	789,042,244	0.784	70%
2013	13,303,800	668,610,000	749,400	34,600	96,528,400	-	-	779,226,200	-	577,697	779,803,897	0.799	75%
Northfield													
2004	17,286,400	390,434,000	352,700	3,600	117,907,800	-	542,900	526,527,400	-	1,551,532	528,078,932	0.612	75%
2005	17,428,100	394,253,600	352,700	3,600	117,850,600	-	542,900	530,431,500	-	1,316,665	531,748,165	0.685	67%
2006	16,575,700	407,437,600	352,700	3,600	118,797,300	-	542,900	543,709,800	-	1,014,725	544,724,525	0.741	55%
2007	15,766,600	414,370,800	352,700	3,600	118,874,000	-	542,900	549,910,600	-	894,826	550,805,426	0.803	47%
2008	15,284,000	416,990,500	352,700	3,600	119,606,500	-	542,900	552,780,200	-	908,717	553,688,917	0.832	45%
2009	13,200,000	417,113,000	352,700	3,600	119,013,600	-	542,900	550,225,800	-	936,223	551,162,023	0.849	44%
2010	21,365,600	756,993,900	595,200	3,600	213,519,700	-	987,100	993,465,100	-	2,073,817	995,538,917	0.503	91%
2011	19,249,500	755,519,900	595,200	3,600	208,739,300	-	987,100	985,094,600	-	-	985,094,600	0.514	95%
2012	18,334,400	753,809,400	595,200	3,600	204,787,300	-	987,100	978,517,000	-	1,580,553	980,097,553	0.521	99%
2013	17,878,900	746,034,200	595,200	3,600	198,988,500	-	987,100	964,487,500	-	1,473,879	965,961,379	0.556	104%
Somers Point													
2004	26,813,400	440,225,000	-	-	165,254,900	-	41,166,600	673,459,900	-	3,126,422	676,586,322	0.664	80%
2005	16,389,900	456,075,200	-	-	157,464,200	-	40,991,600	670,920,900	-	2,746,021	673,666,921	0.718	68%
2006	12,369,400	459,859,300	-	-	165,545,900	-	40,821,500	678,596,100	-	2,043,101	680,639,201	0.803	53%
2007	11,367,900	465,068,900	-	-	168,398,000	-	41,028,800	685,863,600	-	1,857,315	687,720,915	0.852	46%
2008	12,735,000	469,806,200	-	-	172,679,800	-	41,205,100	696,426,100	-	1,813,810	698,239,910	0.862	44%
2009	11,560,500	473,264,900	-	-	172,297,300	-	41,205,100	698,327,800	-	1,685,627	700,013,427	0.881	44%
2010	9,673,000	475,701,700	-	-	164,782,600	-	41,205,100	691,362,400	-	1,786,733	693,149,133	0.986	47%
2011	9,424,200	473,997,500	-	-	163,589,400	-	40,397,100	687,408,200	-	1,786,733	689,194,933	1.053	49%
2012	9,416,400	473,012,000	-	-	162,959,800	-	40,397,100	685,785,300	-	1,918,493	687,703,793	1.027	53%
2013	8,351,400	473,381,500	-	-	159,401,300	-	40,372,100	681,506,300	-	1,521,274	683,027,574	1.073	53%

Source: County Abstract of Ratables & Municipal Tax Assessor

**Mainland Regional High School
Principal Property Tax Payers,
Current Year and Twelve Years Ago**

Exhibit J-8

Taxpayer	2013			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
CCC Atlantic LLC	\$ 19,000,000	1	2.44%			0.00%
Central Square	7,107,100	2	0.91%	5,900,000	2	1.15%
Brandell Estates LLC	6,062,500	3	0.78%	5,130,000	4	1.00%
Central Park East	5,388,100	4	0.69%	4,175,000	6	0.81%
CPL	5,236,000	5	0.67%			0.00%
Linwood Golf & Country Club	3,490,000	6	0.45%	5,161,400	3	1.00%
Linwood Professional Plaza	2,436,500	7	0.31%	1,800,000	7	0.35%
Alexon Enterprises	2,024,000	8	0.26%	1,560,000	8	0.30%
Residence A	1,497,000	9	0.19%			0.00%
Residence B	1,341,000	10	0.17%			0.00%
Atlantic Broadcasting of Linwood			0.00%			0.00%
Linwood Nursing Home			0.00%	6,300,000	1	1.22%
JMD- VJ- Linwood LLC			0.00%	4,800,000	5	0.93%
Terra Group			0.00%	1,056,600	9	0.21%
South Jersey Radio				1,050,000	10	0.20%
Totals	\$ 53,582,200		6.87%	\$ 36,933,000		7.17%
	District Assessed Value		\$ 779,803,897			\$ 515,097,402

Source: District CAFR & Municipal Tax Assessor

**Mainland Regional High School
Principal Property Tax Payers,
Current Year and Twelve Years Ago**

Exhibit J-8

Taxpayer	2013			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Northfield						
Atlantic City Country Club	\$ 6,750,000	2	0.70%	\$ 8,174,000	1	1.74%
Max Gurwicz	8,078,700	1	0.84%	5,500,000	4	1.17%
Kensington Square, LLC	4,964,300	6	0.51%			0.00%
Atlantic City Country Club			0.00%			0.00%
Atlantic City Country Club (Rear)	3,552,400	10	0.37%	6,268,000	2	1.33%
Jack Trocki Dev Corp	6,471,000	3	0.67%			0.00%
Jack Trocki Dev Corp	5,299,100	5	0.55%			0.00%
ACG of NJ	4,600,000	4	0.48%			0.00%
Milljer	4,570,400	7	0.47%			0.00%
Resident A	3,786,300	9	0.39%	2,188,500	7	0.47%
Stan-Bud Realty Corp				5,650,000	3	1.20%
Antebi Properties LLC	3,797,600	8		1,956,700	9	0.42%
Tilton Building Company				3,000,000	6	0.64%
Midland Loan Services				4,000,000	5	0.85%
House & Garden				2,000,000	8	0.43%
Tifton Road Ptr. c/o R. Hogg				1,890,800	10	0.40%
Bellevue Property Group						0.00%
	<u>\$ 51,869,800</u>		<u>4.98%</u>	<u>\$ 40,628,000</u>		<u>8.65%</u>
	District Assessed Value		\$ 965,961,379			\$ 469,958,952

Source: District CAFR & Municipal Tax Assessor

**Mainland Regional High School
Principal Property Tax Payers,
Current Year and Twelve Years Ago**

Exhibit J-8

Taxpayer	2013			2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Brahin/Somers Point Builders	\$ 24,407,600	1	3.57%	\$ 13,773,300	1	2.31%
Village Plaza LLC	10,900,000	2	1.60%			0.00%
Scarborough/Harbor Cove			0.00%			0.00%
Sea Aire Apartments LLC	9,005,000	3	1.32%			0.00%
West America LTD	5,792,500	5	0.85%			0.00%
WWW Associates	5,667,300	6	0.83%	5,250,000	9	0.88%
Related Somers Point LLC	5,500,000	7	0.81%			0.00%
Acme Markets	5,194,800	8	0.76%	5,491,000	8	0.92%
Ocean Heights Manor (Estate)	4,244,400	10	0.62%	6,100,000	7	1.02%
EQI Financial Partners LP	4,439,000	9	0.65%			
Charan Industries				9,005,000	2	1.51%
Equity Inns				7,098,000	4	1.19%
Harbor Cove Marina	6,130,200	4		6,860,000	6	1.15%
Morris Properties				4,813,300	10	0.81%
Somers Point Village				7,128,000	3	1.20%
Greate Bay LLC				6,970,000	5	1.17%
	<u>\$ 81,280,800</u>		<u>11.00%</u>	<u>\$ 72,488,600</u>		<u>12.17%</u>
	District Assessed Value		\$ 683,027,574			\$ 595,779,865

Source: District CAFR & Municipal Tax Assessor

**Mainland Regional High School
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	11,585,539.00	11,585,539.00	100%	-
2005	12,419,215.00	12,419,215.00	100%	-
2006	13,481,828.00	13,481,828.00	100%	-
2007	14,738,361.00	14,738,361.00	100%	-
2008	15,264,231.00	15,264,231.00	100%	-
2009	15,648,679.00	15,648,679.00	100%	-
2010	16,146,330.00	16,146,330.00	100%	-
2011	19,059,625.00	19,059,625.00	100%	-
2012	17,928,295.00	17,928,295.00	100%	-
2013	18,767,626.00	18,767,626.00	100%	-

Source: Certificate and Report of School Taxes (A4F form)
CAFRA Reports

Exhibit J-10

Mainland Regional High School
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income	Per Capita Personal Income
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2004	12,725,000	-	171,746	-	-	\$ 12,896,746	0.27%	34,442
2005	12,950,000	-	98,232	-	-	13,048,232	0.27%	35,552
2006	12,435,000	-	76,160	-	-	12,511,160	0.29%	36,874
2007	11,875,000	-	386,558	-	-	12,261,558	0.31%	38,351
2008	11,270,000	-	306,407	-	-	11,576,407	0.34%	39,370
2009	10,570,000	-	214,161	-	-	10,784,161	0.35%	38,175
2010	50,250,000	-	327,449	-	-	50,577,449	0.08%	39,746
2011	48,475,000	-	195,210	-	-	48,670,210	0.08%	40,262
2012	46,655,000	-	86,968	-	-	46,741,968	0.09%	40,262
2013	44,780,000	-	211,690	-	-	44,991,690	0.09%	40,262

Source: District CAFR Schedules I-1, I-2

Exhibit J-11

Mainland Regional High School
 Ratios of Net General Bonded Debt Outstanding,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2004	12,725,000	-	12,725,000	0.65%	34,442
2005	12,950,000	-	12,950,000	0.66%	35,552
2006	12,435,000	500,000	11,935,000	0.60%	36,874
2007	11,875,000	-	11,875,000	0.59%	38,351
2008	11,270,000	-	11,270,000	0.56%	39,370
2009	10,570,000	-	10,570,000	0.52%	38,175
2010	50,250,000	-	50,250,000	2.03%	39,746
2011	48,475,000	-	48,475,000	1.96%	40,262
2012	46,655,000	-	46,655,000	1.90%	40,262
2013	44,780,000	-	44,780,000	1.84%	40,262

**Mainland Regional High School District
 Direct and Overlapping Governmental Activities Debt,
 As of June 30, 2013**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
City of Linwood, City of Northfield, City of Somers Point	\$ 39,579,903.00	100.00%	\$ 39,579,903.00
Other Debt			
Atlantic County Improvement Authority	42,174,534.00	5.60%	2,361,773.90
Atlantic County Utilities Authority	34,993,934.00	5.60%	1,959,660.30
County of Atlantic	139,967,635.00	5.60%	7,838,187.56
Subtotal, Overlapping Debt			<u>51,739,524.77</u>
Mainland Regional High School District Direct Debt			<u>44,780,000.00</u>
Total Direct and Overlapping Debt			<u><u>\$ 96,519,524.77</u></u>

Sources:
 Annual Debt Statement- Cities of Linwood, Northfield and Somers Point

Mainland Regional High School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

	Equalized valuation basis									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 60,958,698	\$ 68,937,061	\$ 81,272,928	\$ 96,357,347	\$ 108,805,514	117,150,357	118,139,449	115,952,273	109,597,470	103,946,879
Total net debt applicable to limit	12,815,000	12,320,000	12,435,000	11,875,000	11,270,000	10,570,000	50,250,000	48,475,000	46,655,000	44,780,000
Legal debt margin	\$ 48,143,698	\$ 56,617,061	\$ 68,837,928	\$ 84,482,347	\$ 97,535,514	\$ 106,580,357	\$ 67,889,449	\$ 67,477,273	\$ 62,942,470	\$ 59,166,879
Total net debt applicable to the limit as a percentage of debt limit	21.02%	17.87%	15.30%	12.32%	10.36%	9.02%	42.53%	41.81%	42.57%	43.08%

	Average equalized valuation of taxable property
	\$ 3,464,895,977

	Debt limit (3% of average) Net bonded school debt	Legal debt margin
	103,946,879	59,166,879
	44,780,000	59,166,879

Source: Abstract of Rates and District Records CAFR Schedule J-7

**Mainland Regional High School
Demographic and Economic Statistics,
Last Ten Fiscal Years**

Exhibit J-14

	Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars) (a)	Per Capita Personal Income	Unemployment Rate
Linwood	2003	7,319	244,652	33,427	3.7%
	2004	7,338	252,735	34,442	3.2%
	2005	7,322	260,312	35,552	3.3%
	2006	7,293	268,922	36,874	3.7%
	2007	7,229	277,239	38,351	3.7%
	2008	7,213	283,976	39,370	4.6%
	2009	7,225	275,814	38,175	8.3%
	2010	7,092	281,879	39,746	8.5%
	2011	7,087	285,337	40,262	8.6%
	2012	7,090	285,457	40,262	9.0%
Northfield	2003	7,896	263,940	33,427	3.7%
	2004	7,972	274,572	34,442	3.2%
	2005	7,943	282,389	35,552	3.3%
	2006	7,938	292,706	36,874	3.1%
	2007	7,889	302,551	38,351	3.1%
	2008	7,882	310,314	39,370	3.8%
	2009	7,898	301,506	38,175	7.0%
	2010	8,624	342,769	39,746	7.1%
	2011	8,616	346,897	40,262	7.2%
	2012	7,641	307,642	40,262	7.6%
Somers Point	2003	11,536	385,614	33,427	3.7%
	2004	11,611	399,906	34,442	3.2%
	2005	11,581	411,728	35,552	3.3%
	2006	11,480	423,313	36,874	5.3%
	2007	11,390	436,818	38,351	5.3%
	2008	11,341	446,495	39,370	6.6%
	2009	11,354	433,439	38,175	11.8%
	2010	10,795	429,058	39,746	12.1%
	2011	10,787	434,306	40,262	12.2%
	2012	10,804	434,991	40,262	12.2%

Source: NJ Dept of Labor and Workforce Development
Labor Report of Per Capita Income, Atlantic County

(a) Personal income has been estimated based upon the municipal population and per capita personal income presented

Mainland Regional High School
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years

Exhibit J-16

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:	130	128	128	130	135	131	136	131	125	125
Regular instruction										
Special education instruction										
Other special education instruction	8	8	7	7	12	14	14	17	17	17
Support Services:										
Student & instruction related services	20	19	21	21	22	22	22	23	20	20
General administrative services	3	2	2	2	4	4	4	4	4	4
School administrative services	15	13	13	13	13	13	12	12	14	14
Business administrative services	6	7	8	8	8	8	7	9	9	9
Plant operations and maintenance	18	18	20	20	19	19	20	19	18	16
Pupil transportation	1	12	12	12	11	12	13	13	15	13
Food Service	25	25	25	25	25	25	25	25	25	25
Total	226	232	236	238	249	248	253	253	247	243

Source: District Personnel Records
 DOE Budget Support Document

Mainland Regional High School
 Operating Statistics,
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2004	1,599	18,128,421	11,337	9.27%	152	1:9	1:9	1,599	1,480	2.50%	90.43%
2005	1,613	18,880,753	11,705	3.25%	155	1:10	1:10	1,613	1,501	0.88%	93.06%
2006	1,631	20,221,125	12,398	5.92%	146	1:11	1:11	1,622	1,506	0.56%	92.85%
2007	1,634	21,879,282	13,390	8.00%	150	1:11	1:11	1,606	1,594	-0.99%	99.25%
2008	1,639	22,933,418	13,992	4.50%	153	1:11	1:11	1,638	1,536	1.97%	93.78%
2009	1,635	23,794,474	14,553	4.01%	149	1:11	1:11	1,662	1,540	1.48%	92.66%
2010	1,644	24,372,616	14,825	1.87%	139	1:11	1:11	1,581	1,465	-4.87%	92.66%
2011	1,644	23,721,775	14,429	-2.67%	131	1:11	1:11	1,514	1,409	-4.23%	93.03%
2012	1,510	24,726,899	16,375	13.49%	125	1:11	1:11	1,466	1,382	-3.16%	94.28%
2013	1,432	26,150,273	18,261	11.52%	125	1:11	1:11	1,294	1,380	-11.74%	106.65%

Source: District records, ASSA and Schedules J-12, J-14

**Mainland Regional High School
School Building Information,
Last Ten Fiscal Years**

Exhibit J-18

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Buildings</u>										
<u>High School</u>										
Square Feet	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	252,500	252,500
Capacity (students)	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524	1,524
Enrollment	1,599	1,613	1,631	1,634	1,639	1,635	1,643	1,643	1,510	1,432

Source: District Records, ASSA

Mainland Regional High School
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mainland Regional High School	N/A	\$ 535,769	\$ 602,345	\$ 663,792	\$ 578,020	\$ 730,617	\$ 714,714	\$ 671,988	\$ 529,361	\$ 540,755	\$ 603,001
Total School Facilities		<u>535,769</u>	<u>602,345</u>	<u>663,792</u>	<u>578,020</u>	<u>730,617</u>	<u>714,714</u>	<u>671,988</u>	<u>529,361</u>	<u>540,755</u>	<u>603,001</u>
Other Facilities											
Grand Total		<u>\$ 535,769</u>	<u>\$ 602,345</u>	<u>\$ 663,792</u>	<u>\$ 578,020</u>	<u>\$ 730,617</u>	<u>\$ 714,714</u>	<u>\$ 671,988</u>	<u>\$ 529,361</u>	<u>\$ 540,755</u>	<u>\$ 603,001</u>

Source: 11-000-261-XXXX

**Mainland Regional High School
Insurance Schedule
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Exhibit J-20

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Atlantic and Cape May Counties School Business Officials Joint Insurance Fund	Property- Blanket Building & Contents Inland Marine	\$ 150,000,000	\$ 500
	Crime	500,000	500
	General and Automobile Liability	10,000,000	-
	Educator's Legal Liability	10,000,000	-
	Workers Compensation	Statutory	-
	Boiler and Machinery-Fleet	125,000,000	1,000
	Pollution Legal Liability	3,000,000	25,000
Selective Insurance Company	Business Administrator/Board Secretary	100,000.00	
	Treasurer of School Monies	228,850.00	
Maskin Insurance Company	Student Accident Insurance		
	Full Excess Coverage		
	Accident Medical Coverage	6,000,000.00	25,000.00

Source: District Insurance Policies

SINGLE AUDIT SECTION



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Mainland Regional High School District
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Board of Education of the Mainland Regional High School District, State of New Jersey, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 14, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education of the Mainland Regional High School District's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board of Education of the Mainland Regional High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Mainland Regional High School District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness and is listed as item #13-02

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Education of the Mainland Regional High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item #13-04

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ford Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
Certified Public Accountant
Licensed Public School Accountant
No. 853

February 14, 2014



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

Honorable President and
Members of the Board of Education
Mainland Regional High School District
County of Atlantic, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Mainland Regional High School District, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Mainland Regional High School District's major federal and state programs for the year ended June 30, 2013. The Board of Education of the Mainland Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Mainland Regional High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and *New Jersey OMB 04-04*. Those standards, *OMB Circular A-133* and *NJ OMB 04-04* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Mainland Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education of the Mainland Regional High School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Mainland Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013

Report on Internal Control Over Compliance

Management of the Board of Education of the Mainland Regional High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Mainland Regional High School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Mainland Regional High School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #13-06 to be a material weakness.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Expenditures of State Financial Assistance Required by NJ OMB 04-04

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Board of Education of the Mainland Regional High School District as of and for the year ended June 30, 2013, and have issued our report thereon dated February 14, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Glen J. Ortman

Glen J. Ortman
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Licensed Public School Accountant
No. 853

February 14, 2014

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance June 30, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Re- Payment of Prior Years' Balances	Accounts Receivable	Balance at June 30, 2013 Deferred Revenue	Due to Grantor
U.S. Department of Education (Passed through N.J. Department of Education)													
General Fund:													
Educational Jobs Fund	84.410A	N/A	8/10/2010 9/30/2012	261,291.00	\$	\$	7,917.00	(8,568.00)		\$	(651.00)	\$	
Medical Assistance Program (SEM)	93.778	N/A	7/1/2011 6/30/2012	52,684.55	(5,752.32)		5,752.32						
Medical Assistance Program (SEM)	93.778	N/A	7/1/2012 6/30/2013	32,812.49			32,812.49	(32,812.49)					
Medicaid Administrative Claiming Program (MAC)	93.778	N/A	7/1/2012 6/30/2013	1,348.17			1,348.17	(1,348.17)					
Medicaid Administrative Claiming Program (MAC)	93.778	N/A	7/1/2011 6/30/2012	710.77	(710.77)		710.77				(651.00)		
Total General Fund					(6,463.09)	-	48,540.75	(42,728.66)					
U.S. Department of Education Passed-Through State Department of Education													
Special Revenue Fund:													
Title I, Part A Cluster:													
Title I, Part A	84.010A		9/1/2009 8/31/2010	122,092.00	(1,070.45)				(79.00)		(1,149.45)		
Title I, Part A	84.010A		9/1/2010 8/31/2011	141,945.00	(30,488.55)				15,045.00		(15,443.55)		16,615.25
Title I, Part A	84.010A		9/1/2011 8/31/2012	144,750.00	(2,585.75)		791,811.00	(45,014.00)	(14,966.00)				2,478.54
ARRA - Title I, Part A - Carryover	84.389		7/1/2009 8/31/2011	87,834.00	2,478.54								
Title I, Part A	84.010A		9/1/2012 8/31/2013	236,528.00			180,964.00	(191,514.00)			(10,650.00)		
Total Title I, Part A Cluster					(31,666.21)	-	260,045.00	(236,528.00)			(27,243.00)		19,093.79
Title II, Part A	84.367A		9/1/2009 8/31/2010	32,205.00	(10,408.76)						(10,408.76)		
Title II, Part A	84.367A		9/1/2008 8/31/2009	29,970.00	(626.36)						(626.36)		
Title II, Part A	84.367A		9/1/2010 8/31/2011	32,904.00	(31,323.57)				8,991.00		(22,332.57)		
Title II, Part A	84.367A		9/1/2011 8/31/2012	28,164.00	(6,822.07)		31,464.00	(529.54)	(8,269.50)		(25,446.62)		15,842.89
Title II, Part A	84.367A		9/1/2012 8/31/2013	54,042.00			29,296.00	(64,742.62)			(737.97)		
Title IV	84.786A		9/1/2008 8/31/2009	3,520.00	(737.97)								
Special Education Cluster (IDEA):													
I.D.E.A., Part B, Basic Regular	84.027		9/1/2010 8/31/2011	305,432.00	(66,074.06)		66,074.06		(0.02)		(56,495.56)		
I.D.E.A., Part B, Basic Regular	84.027		9/1/2011 8/31/2012	25,798.94	(25,798.92)		25,798.94						
I.D.E.A., Part B, Basic Regular	84.027		9/1/2012 8/31/2013	288,099.00			195,556.00	(252,051.56)					
ARRA - I.D.E.A., Part B, Basic Regular	84.391		7/1/2009 8/31/2011	357,012.00	7,220.62				4,626.83		(2,208.00)		11,847.45
I.D.E.A., Part B, Basic Regular	84.027		9/1/2003 8/31/2004	225,048.00	(2,208.00)						(58,703.56)		
Total Special Education Cluster (IDEA)					(66,856.36)	-	287,429.00	(252,051.56)					11,847.45
Carl D. Perkins - Secondary	84.048A		7/1/2011 6/30/2012	14,962.00	(5,963.42)		5,963.00		0.42		(5,159.81)		
Workforce Investment	17.250		7/1/2012 6/30/2013	73,000.00	5,372.57		31,561.30	(36,721.11)					
Workforce Investment	17.250		7/1/2010 6/30/2011	100,000.00	(2,016.48)				1,630.00		(2,016.48)		7,002.57
Workforce Investment	17.250		7/1/2008 6/30/2009	60,000.00	(171,252.63)		645,758.30	(580,572.83)			(152,875.13)		53,786.70
Total Special Revenue Fund					(171,252.63)	-	645,758.30	(580,572.83)					
Enterprise Fund:													
Food Distribution Program													
Child Nutrition Cluster:	10.550	N/A	7/1/2012 6/30/2013	71,683.15			71,683.15	(61,293.60)				10,389.55	
National School Lunch Program	10.555	N/A	7/1/2011 6/30/2012	453,945.10	(29,691.13)		29,691.13				(88,452.37)		
National School Lunch Program	10.555	N/A	7/1/2012 6/30/2013	446,730.32			368,072.59	(456,524.96)					
School Breakfast Program	10.553	N/A	7/1/2011 6/30/2012	99,506.89	(6,842.90)						(23,604.42)		
School Breakfast Program	10.553	N/A	7/1/2012 6/30/2013	108,583.69			489,595.89	(565,118.65)					
Total Child Nutrition Cluster					(36,534.03)	-	561,279.04	(626,412.25)			(112,066.79)		
Total Enterprise Fund					(36,534.03)	-	1,255,578.09	(1,249,713.74)			(265,692.92)		53,786.70
					\$ (214,249.75)	\$	\$	\$	\$	\$	\$	\$	\$

(1) Cancel prior year encumbrance
(2) Adjustment for dollar rounding
(3) To correct posting of prior year expenditures
(4) To correct posting of prior year receipt

The accompanying Notes to Schedules of Expenditures of Awards and Financial assistance are an integral part of this schedule.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
For the Fiscal Year Ended June 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2012		Caryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance at June 30, 2013		MEMO	
				Deferred Revenue Accts. Receivable	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education													
General Fund													
State Aid - Public Cluster:													
Equalization Aid	13-485-034-5120-078	7/1/2012	\$ 6,188,209.00	\$ -	\$ -	\$ 6,188,209.00	(6,188,209.00)	\$ -	\$ -	\$ -	\$ 561,200.72	\$ 6,188,209.00	
Special Education Aid	13-485-034-5120-069	7/1/2012	886,381.00	-	-	886,381.00	(886,381.00)	-	-	-	80,255.06	886,381.00	
Security Aid	13-485-034-5120-064	7/1/2012	32,880.00	-	-	32,880.00	(32,880.00)	-	-	-	2,886.09	32,880.00	
Total state aid - Public Cluster													
Transportation Aid	13-485-034-5120-014	7/1/2012	73,514.00	-	-	73,514.00	(73,514.00)	-	-	-	6,656.13	73,514.00	
Non-Public Transportation Aid	13-485-034-5120-014	7/1/2012	6,368.00	-	-	6,368.00	(6,368.00)	-	-	-	-	6,368.00	
Expenditure Allowance	13-485-034-5120-044	7/1/2012	84,866.00	(84,486.00)	-	84,866.00	(84,486.00)	-	-	-	-	84,866.00	
Extraordinary Aid	13-485-034-5120-044	7/1/2012	60,473.00	-	-	-	(60,473.00)	-	-	(60,473.00)	-	60,473.00	
Reimbursed TPAF Social Security Contributions	13-485-034-5095-002	7/1/2012	885,099.93	-	-	724,568.77	(885,099.93)	-	-	(160,141.16)	-	885,099.93	
Reimbursed TPAF Social Security Contributions	12-485-034-5095-002	7/1/2011	842,134.53	(38,330.21)	-	38,330.21	-	-	-	(220,614.16)	-	651,086.00	
Total General Fund													
Special Revenue Fund:													
Worklink	98-100-034-5062-032	7/1/1997	9,660.00	(2,000.43)	-	-	-	-	-	(2,000.43)	-	-	
Tobacco Initiative - REBEL		9/1/2006	3,000.00	(3,000.00)	-	-	-	-	-	(3,000.00)	-	-	
Total Special Revenue Fund													
Debt Service Fund:													
Debt Service Aid Type II	13-485-034-5120-017	7/1/2012	1,016,447.00	-	-	1,016,447.00	(1,016,447.00)	-	-	-	-	1,016,447.00	
Total Debt Service Fund													
State Department of Agriculture													
Enterprise Fund:													
National School Lunch Program	12-100-010-3360-023	7/1/2011	11,360.07	(722.35)	-	722.35	-	-	-	(722.35)	-	-	
National School Lunch Program (State Share)	13-100-010-3360-067	7/1/2012	10,291.41	-	-	8,353.88	(10,291.41)	-	-	(1,937.43)	-	10,291.41	
Total Enterprise Fund													
Total State Financial Assistance													
\$ (128,548.99) \$ - \$ - \$ 9,071,352.31 \$ (9,170,355.34) \$ (227,552.02) \$ - \$ 651,086.00 \$ 9,170,355.34													

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
K-5 Notes to the Schedules of Financial Assistance
June 30, 2013

Note 1: General

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Mainland Regional High School District. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included on the schedule of federal financial assistance.

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements.

Note 3: Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$35,792.00) for the general fund and (\$4,791.90) for the special revenue fund. See the Notes to the Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented in the table below:

	Federal	State	On-Behalf TPAF Pension	Total
General Fund	\$ 42,728.66	9,662,983.93	(1,555,159.00)	\$ 8,150,553.59
Special Revenue Fund	576,426.74			576,426.74
Debt Service Fund		1,016,447.00		1,016,447.00
Food Service Fund	636,801.80	10,291.41		647,093.21
Total Financial Assistance	\$ 1,255,957.20	\$ 10,689,722.34	\$ (1,555,159.00)	\$ 10,390,520.54

The On-Behalf Pension Contributions made for the District by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

MAINLAND REGIONAL HIGH SCHOOL DISTRICT
K-5 Notes to the Schedules of Financial Assistance
June 30, 2013
(Continued)

Note 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Note 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

Note 6: Adjustments

The District has instances where a grant period overlaps fiscal years and the grant has not closed out at the end of the current fiscal year. The following adjustments were a result of prior year cancellation of encumbrances, minor adjustments for dollar rounding and reallocation of prior year expenditures.

Federal:

Title I, Part A	\$ (79.00)
Title I, Part A	15,045.00
Title I, Part A	(14,966.00)
Title II, Part A	721.50
I.D.E.A. Part B, Basic Regular	(0.02)
ARRA - I.D.E.A. Part B, Basic Regular	4,626.83
Carl D. Perkins - Secondary	0.42
Workforce Investment	1,630.00
	<hr/>
	\$ 6,978.73

**MAINLAND REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

An Unmodified Opinion issued on the Basic Financial Statements, dated February 14, 2014.

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes No
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Non-compliance material to Basic financial statements noted? yes No

Federal Awards

Internal Control over major programs:

- 1) Material weakness(es) identified: yes No
- 2) Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: An Unmodified Opinion issued on Compliance for Major Programs, dated February 14, 2014.

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Special Education Cluster:	
84.027	I.D.E.A. Part B, Basic Regular
Child Nutrition Cluster:	
10.555	National School Lunch Program
10.553	School Breakfast Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

**MAINLAND REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

Section I - Summary of Auditor's Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

Type of auditor's report issued on compliance for major programs: An Unmodified Opinion was issued on compliance for Major Programs, dated February 14, 2014.

Internal Control over major programs:

1) Material weakness(es) identified? Yes X No

2) Significant Deficiencies identified that are not considered to be material weaknesses? Yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? Yes X No

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid – Public Cluster:
495-034-5120-089	Equalization Aid
495-034-5120-084	Special Education Aid
	Security Aid
495-034-5095-002	Reimbursed TPAF Social Security Contribution
495-034-5120-017	Debt Service Aid

**MAINLAND REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

Section II - Financial Statement Findings

FINDING 13-02

During our review of the various bank reconciliations, it was noted that there were reconciling items that had not been recorded in the general ledger. The reconciling items consisted of various receipts and disbursements. Those reconciling items were material to the financial statements as a whole.

Criteria:	All activity should be recorded monthly in the various general ledgers.
Condition:	Reconciling items had not been recorded in the general ledger
Cause:	District personnel were unsure of the correct general ledger account to post.
Effect:	The financial statements could be materially misstated.
Recommendation:	That all activity be recorded in the general ledger each month.
View of Responsible Official:	The District agrees with this finding and will take corrective action during the current year.

FINDING 13-04

Information required for the completion of the Comprehensive Annual financial Report (CAFR), was not received in a timely manner which resulted in the late filing of the CAFR.

Criteria:	State statute requires that the CAFR be filed by December 5, 2013.
Condition:	District personnel did not have the records balanced sufficiently to allow for a timely filing of the CAFR.
Cause:	Difficulty in reconciling various amounts needed for the CAFR.
Effect:	The District could be subject to state monitoring or other state intervention.
Recommendation:	That the district records be made available for audit in a timely manner, in order that the Comprehensive Annual financial Report (CAFR) can be filed prior to the statutory due date.
View of Responsible Official:	The District agrees with this finding.

**MAINLAND REGIONAL BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(CONTINUED)**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

FINDING 13-06

The Special Revenue Funds, No Child Left Behind (NCLB) grant expenditure records for Title I and Title II, were not in agreement with the Electronic Web-Enabled Grant System (EWEG) reports.

Criteria: Grant reimbursements are based on the amounts reported on the EWEG reports and should agree to the district's financial records.

Condition: Amounts reported on the EWEG reports were not in agreement with the clients financial records prior to filing the reports.

Context: There was confusion concerning grant periods and carryover amounts and how to account for them on the EWEG reports and on the schools financial records.

Effect: Incorrect reimbursements for grants could be received.

Cause: District personnel did not make sure that the EWEG reports were in agreement with the District's financial records prior to filing the reports with the State.

Questioned costs:

<u>Grant</u>	<u>Reported Per EWEG</u>	<u>Reported Per Financial Records</u>	<u>Questioned Costs</u>
Title II, Part A:			
2010-2011 grant year	\$ 8,991.00	\$ 31,323.57	\$ (22,332.57)
2011-2012 grant year	31,464.00	15,621.11	15,842.89
2012-2013 grant year	54,042.00	54,742.62	(700.62)
Title I, Part A:			
2010-2011 grant year	112,507.00	127,950.55	(15,443.55)
2011-2012 grant year	165,181.00	148,565.75	16,615.25
2012-2013 grant year	236,528.00	191,514.00	<u>45,014.00</u>
Total Questioned Costs			<u><u>\$ 38,995.40</u></u>

Recommendation: That all grant reimbursement requests made in the EWEG system be reconciled to the District's financial records prior to filing the requests.

View of Responsible Official: The District agrees with this finding and will take corrective action during the current year.

STATE AWARDS

NONE

**MAINLAND REGIONAL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

STATUS OF PRIOR YEAR FINDINGS

FINANCIAL STATEMENT FINDINGS

FINDING 12-02

Condition: Reconciling items had not been recorded in the general ledger.

Recommendation: That all activity be recorded in the general ledger each month.

Current Year Status: This condition has been repeated in the current year audit as finding #13-02.

Management Response: All Activity will be recorded in the general ledger each month.